The file contains
F 185-38-2 also

App. F. IX-4

1935-6

File No. 91-35

Serial Nos. 1-4

Previous References
D.O. F 62-33 (1-4, 5-7)
" 62-33 (9-14)

Letter Referen

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Nos

P. 218

Part B for April 37

SUBJECT.

Conference of Madras, Coorg and Mysore Forest Officers.

WD 0418—GPB—22,500—29-8-36

Conference of Madras, Coorg & Mysore Forest officers

6203

General & Revenue Secretariat. | File No. S.O.F. 91 of 1935. | [App. F. III–2

Serial No.	
1	Letter no. 1645/468-36 dated 6 June 36 from the Resy enquiring whether Govt would agree to depute the proposed Chief Conservator of Forests to take part in the Conference between the Madras, Mysore and Coorg Govts. in connection with the sale of Sandal wood and oil II Members orders :- 1) A reply agreeing to the proposal may be put up. 2nd N.M. 25
	2) Draft. Secy, under Musson's reply. K.S. 1-7-36 3) Fair draft Secy 1.7.36
	4) Fair draft put up. 1.7.36 PS – Sec may perhaps add that Dr y Sandal Oil Factory also will be asked to attend the meeting. Sec Secy 2.7.36
	5- Draft cabled as per remarks noted below. As pointed out it is perhaps desirable that the minutes S.O.F. is also despatched to confirm. You may take up the question at the Conference Secy 7.7.36

To Typing Section with compliments for kindly getting a clean draft typed
PS
1/7/36

TYPING SECTION
2 JUL. 1936
GENL. & REV. SECTT.

PUT UP TO THE SECOND BENCH OF COURT OFFICER
2 JULY 1936
No. 202

TYPING SECTION
2 JUL. 1936
GENL. & REV. SECTT.

NOTE—Contn. Sheet. 6

6) AW 8.7.36 Secy 8/7/36 Issued 9.7.36 AW

6203

S.O.7 File No. 91 of 1936

General and Revenue Secretariat

Letter No. Pol. 48 S. 10-7-36 Sec. to Resident to States that the Govt. of Mysore will be glad to depute the Sclg. Conservator of Forests to take part in the discussion and adds that if there is no objection, the Dy. S.O.7. will also attend the informal meeting.

Memo No. D. 267 S. 13-7-36 7S copy to Sclg. Conservator of Forests

Memo No. D. 268 S. 13-7-36 7S copy to Dy. S.O.7.

10/7/36

GEN. & REV. SECRETARIAT
19 JULY 1936
DEVELOPMENT BRANCH

S.O.71-35-3

No. 693

Office of the Inspector General of Forests.

New Forest, Dehra Dun, the 17th November 1936.

From

C. G. Trevor, Esq., C.I.E.,

Inspector General of Forests.

GENL. & MISC. BRH.
23 NOV. 1936

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Department, Mysore.

OFFICE OF THE SECOND MEMBER OF COUNCIL.
23 NOV. 1936
NO. 3647

DEWAN'S OFFICE
NOV. 1936
No. 1538

D. 2693 A

Sir,

As I understand the Governments of Madras, Mysore, Coorg and Bombay are now willing to meet in a conference presided over by myself to consider matters of mutual interest in the trade in Indian sandalwood and the possibility of entering into an amicable arrangement with Australia, I propose to convene a meeting for this purpose at Bangalore on 11th and 12th January 1937.

I have the honour to be,

Sir,

Your most obedient servant,

C. G. Trevor

Inspector General of Forests.

OFFICE OF THE SECOND MEMBER OF COUNCIL.
26 NOV. 1936
NO. 3787

For perusal
Secretary
Dewan's
23.11.36.

24/11/36

26-11-36

D.F.O. submitted.
Secretary
27.11.36.

F.N. signed by Member 27.11.36

30/XI/36. Write D.S.O.
Dewan's
30.11.36.

Final Note by the Second Member of Council.

Subject.—

Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

9 With the gracious approval of His Highness, the Hon'ble the Resident was requested in June 1934 to use his good offices with the Government of India to bring about a meeting of Mysore, Madras and Coorg representatives with a view to arriving at a common understanding and evolving a common policy in regard to the marketing of the East Indian sandalwood and oil as a first step to an understanding with the Australian interests as suggested by Mr. A.J. Gibson, Assistant to the Indian Trade Commissioner in London.

10 In February 1935 the Residency communicated to us the views of the Madras and Coorg Governments. While the Coorg Government agreed with us that the restriction of the quantity placed on the market, -whether in the form of wood or oil-, and the regulation of prices through such restriction, were the most essential elements for a common understanding, the Madras Government were not prepared to restrict the sales on an agreed basis. The Residency was thereupon informed in July 1935 that no useful purpose would be served by pursuing the question with the Madras Government, and that we would be glad to discuss the matter with the Coorg authorities.

11 In June 1936, the Secretary to the Hon'ble the Resident in Mysore informed us that the question of evolving a common policy between the Governments of Madras, Mysore and Coorg for the disposal of sandalwood and oil was engaging the attention of the Government of India, and that the Inspector General of Forests in India would carry out an inspection of the Coorg forests immediately after the ensuing Christmas. It was suggested that his visit might be taken advantage of to hold an informal meeting of the Forest representatives of the three Governments concerned at Bangalore for discussion of

the question of evolving a common policy. A reply was sent agreeing to the proposal and stating that the Chief Conservator of Forests and the Director of Sandalwood Oil Factory would attend the meeting on behalf of Mysore.

12 The Inspector General of Forests in India has now written that the meeting is proposed to be convened at Bangalore on the 11th and 12th January 1937. It would appear from his letter that the Bombay Government also would be represented at the informal meeting.

13 The papers are submitted for the gracious perusal of His Highness.

N M Rama Rao
MEMBER OF COUNCIL.

Bangalore,
30th November 1936.

Submitted to His Highness

I submit herewith, for the gracious perusal of His Highness, a Final Note by the Second Member of Council on the subject of holding a Conference between the Madras, Mysore and Coorg Governments in connection with the marketing of sandalwood and oil.

Mirza M. Ismail

Bangalore,
1st December 1936.)

DEWAN.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

C. Secy JMS
6-12-36

JMS
7/12

139

14 **Order.**

~~KRW~~
4/12/36

186. 7

SUBJECT:- Conference between the Madras, Mysore and Coorg Govts. in connection with the sale of Sandal wood Oil

---

15

Circulated to Members of Council for perusal of His Highness' orders ~~before/after issue of orders~~. (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Development Department.
7.12.36.

FIRST MEMBER OF COUNCIL. 16
9/12

SECOND MEMBER OF COUNCIL. Circt in HQ Quarters

Dev. Secy with Compliments
9.12.36.
10.12.36

3711
9/12

4130
9/12/36

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

NOTE.—Contn. sheet.

6203-35
2693 A

8

General and Revenue Secretariat — File No. 91 of 1935. 2781 — [App. F. III—2

Serial No.

From the Chief Conservator:

No. D1-34-483/36-37 dt 26.11.36

I enclose a letter No. 693 dt 17.11.36 from the D.S. of Forests in India suggesting 11th to 12th Jan 1937 for a meeting at Bangalore of the representatives of Madras, Mysore & Coorg Governments in connection with the marketing of Sandalwood Oil, and his reply thereto that he had suggested to him.

17 A similar communication was received from the D.S. of Forests in India which has been submitted with an Immediate Note and the return of papers will be awaited. Posted for Remarks & orders if any.

Key CB 4/12 — Dy Secy 4.12.36

IS 5.12.36

7.12.36

19 Submitted with a draft Memo dis. S.O.S. No. -10.12.36. (Vide orders on Memo on Letter dt 17.11.36 - D. 2693 A)

20 Issued vide Memo No. D. 3871-2 dt 15.12.36 — 11/12/36

40 S-2 5/12

TYPING SECTION 11 DEC 1936 GENL & REV. SECTT.

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Conference of Madras, Mysore & Coorg Govts on 11 & 12th Jany 1937 at the Residency

9

General and Revenue Secretariat | File No. | of 193 . | [App. F. III—2

Serial No.

DEWAN'S OFFICE
- 8 JAN. 1937
No. 2454

SECRETARIAT
No. 4639

21 In connection with the forthcoming meeting of the representatives of Bombay, Madras & Mysore Govts for considering a common policy for the sale of Sandalwood and oil, this meeting of the Sandal oil Board were held in the chamber of the Secretary Member, on the 4th and 6th instants. The question was discussed in all its aspects

22 For the guidance of the Mysore representative, a note embodying the tentative conclusions was drawn up by the Secretary Member.

23 This is submitted for favour of Secretary Member's Dewan

MW 8.1.37.

24 Mlle 8/1/37

25 Ms 8-1-37

Urgent

26 Copies of the note may be sent to Messrs Macleays & Hosking and the file returned

MW. 9.1.37.

Today 9-1-37

D.O. No. D. 4263-4 dated 9.1.37 to the C.C.P. & Dir. of Inf. forwarding copy of the note.

WD 0417—GPB—80,000—8-9-36

2) From the information supplied by the Chief Conservator of Forests and the Director of Industries and Commerce it appear that the supplies of West Australian Sandalwood are not likely to be increased nor are their prices likely to be lowered below the present level. On the other hand, it seems probable that during the next few years, the competition of West Australian sandalwood oil will be somewhat less severe than it has been in the past. An agreement with the producers of West Australian sandalwood oil does not, therefore, appear to be urgent. In any case, it cannot well be thought of unless and until some agreement is reached between the Governments of Mysore, Madras and Coorg, among themselves as to the policy to be pursued by them with regard to the sale of Indian sandalwood.

The Governments of Madras and Coorg have in the past been selling all the sandalwood collected in their Forests with the object of securing the maximum revenue possible in each financial year. It is not known whether they have fixed any reserve prices at the auctions; and if so, how these reserve prices are arrived at. The Government of Mysore, on the other hand, have adopted a steady policy of keeping up prices, to the extent possible without allowing the West Australian oil to gain too great a hold on the market. The Madras and Coorg Governments have benefited by this policy and secured the benefit of higher prices for their entire annual output. On the other hand, the Mysore Government have substantially restricted exploitation and even so are now left with an accumulated stock of sandalwood (about 4,500 tons) in the Kotis. It is also understood that there are stocks aggregating about 2,000 tons with the private dealers who had purchased wood at Madras and Coorg auctions in previous years. And if all this quantity were unloaded on the market and if the Mysore Government were at the same time to release a larger proportion of their collections than in the past, as they cannot help doing, the effect on the

on the prices of sandalwood might be pronouncedly adverse for a number of years to come.

Any negotiations for the purpose of evolving a common policy must take the above facts into consideration. One possible arrangement that suggests itself is for all the Governments concerned to entrust their sales, both of wood and oil to a central Marketing Board and adjust their supplies and divide the profits in proportion to their normal annual output of sandalwood. But the trend of the correspondence that has taken place in the past does not encourage the hope that the Governments concerned would be willing to bring such an organisation into existence at present. There are also several practical difficulties on the way.

Considering the circumstances in which this conference is called, it is reasonable to assume that all concerned now realise the need for some measure of mutual co-operation, even if this should fall considerably short of any form of joint marketing. On this assumption, Mysore would suggest that the Governments may garee to a common scale of minimum prices for the different classes of sandalwood. These prices may be fixed or revised once a year or at more frequent intervals, if necessary at joint conferences. A common understanding may be reached also with regard to quantities to be offered for sale each year by the several Governments. Tentatively and subject to further discussion, we may suggest that the quotas of Bombay, Coorg, Madras and Mysore be fixed on the following basis:-

Mysore	2,200 tons	Madras	450 tons
Coorg	200 "	Bombay	150 "

Whether we adopt the above ratio or any modification thereof that may on further consideration be found to be equitable, there would be several matters of detail to be considered before a complete understanding could be reached. The position of Mysore differs considerably from that of

12

of Madras and Coorg in that while the latter sell their wood at particular times of the year, Mysore converts the bulk of its wood into oil and its disposals are continuous throughout the year generally on the basis of annual contracts. It is also relevant to note in this connection that the average prices realised for Madras wood are below those of Mysore and Coorg. The evaluation of different classes of wood would also be a point for consideration. But with good will on all sides and a spirit of mutual accommodation, it should not be difficult to settle these details.

6/1/37

Conference between the Madras, Mysore and Coorg Governments in Connection with the Sale of Sandal wood oil

13

General and Revenue Secretariat | File No. | of 193 | [App. F. III—2

Serial No.

28 I submit herewith an advance copy of the Proceedings of the meeting in regard to sandalwood and oil held on the 11th and 12th January. From the outset Mr. Whitehead, Chief Conservator of Forests, Madras, expressed the view that there was no need to interfere with the course of prices as, even at present, the prices of sandal wood was higher than during the years previous to the War and that any ~~interference~~ raising of prices might lead to the adoption of synthetic substitutes. He was also against leaving dead wood in the forests and against storage. Finally when the matter was very much pressed by Coorg, he was agreeable to accept a quota of 1,000 tons for Madras during the next three years, but Madras had in no year placed on the market more than 600 tons and their average was less than 500 tons. Mysore could not agree to this figure and the Conference broke down on this point. The other resolutions do not call for any special remarks.

29 According to Mr. Whitehead, spike is spreading in Madras and large quantities of dead wood are available and they expect to place on the market during the next year i.e., June, July, November December 1937, about 1,100 tons. This is sure to depress the prices and it is necessary that special efforts should be made by Mysore to ~~capture sale of wood~~ push further into the market for religious and domestic ~~purposes~~ (non-distillation) purposes, in Bombay and other places. Our sales at present amount to about 160 tons a year.

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Conference between the Madras, Mysore and Coorg Governments in Connection with the Sale of sandal wood & oil

14

File No. 2937 of 193 . General and Revenue Secretariat

Serial No.

DEWAN'S OFFICE
16 JAN 1937
No. 2637

4952 ON
JAN 1937

But it looks as though there is a demand for about four to five hundred tons. By slightly lowering the prices and more vigorous advertising, Mysore should capture a larger share of this market.

30 From the discussions it appeared that Australia is very anxious to come to an agreement which indicates that the present prices at which the Australian oil is sold is not yielding them any substantial profit. This is not surprising having regard to their high cost of collection of wood and the low yield of oil. ~~However~~ Further reduction in the prices of the Mysore oil outside India does not seem to be necessary.

31 The proceedings are for perusal.

Second Member
Dewan.

MW
16.1.37.

32 MW
16/1/37

33 Mahadeva Iyer N.
MN
16-1-37

MW
18/1/37
MW
18.1.37.
CG
19.1.37
Dep

SECOND OFFICE
5120

34. Submitted with a DF No.
CG 20.1.37.

Dep CG 20-1-37

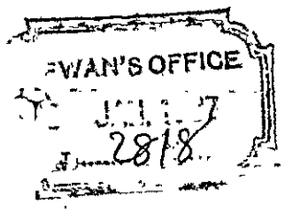
TYPING SECTION
21 JAN 1937

35 Seen Member
CG 21.1.37. Signed by Member.
MW. 21.1.37. MN 1.37

Conference of Forest Officers 1937

15

General and Revenue Secretariat	File No.	In connection with Sale of S. Mound and Dwl. [App. F. III—2
	Serial No.	
		36 with D.S.N.
		Drew and



MW.
25.1.37.
leg.
1.87

Final Note by the Second Member of Council.

Subject.--

Conference between the Madras, Bombay, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

In my Final Note dated 30th November 1936, it was reported to His Highness that an informal conference of the representatives of the Governments of Mysore, Madras and Coorg would be held at Bangalore on the 11th and 12th January 1937 for a discussion of the question of evolving a common policy in regard to the sale of sandalwood and oil.

As a preliminary to the Conference, the question was discussed in all its aspects by the Sandalwood Oil Board at two meetings on the 4th and 6th instant and a note embodying the tentative conclusions of the Board was drawn up by me for the guidance of the Mysore representatives taking part in the Conference.

The Conference was held at the Resident's office on the dates fixed and proceedings were opened by Mr. C.G. Trevor, Inspector General of Forests, Government of India. A copy of the proceedings of the Conference is submitted for the gracious perusal of His Highness. It will be seen therefrom that no definite understanding was reached in regard to the trade in sandal mainly on account of the attitude of the Chief Conservator of Madras who did not believe in price control and would not agree to any limitation of the quantity to be placed on the market by Madras. The only tangible result of these deliberations was the constitution of a permanent sandal committee consisting of the Chief Conservators of Forests of Mysore, Madras and Bombay and the Chief Forest Officer of Coorg, with the Inspector General of Forests as Chairman to discuss problems of mutual interest.

M. N. Sadhuvalli

MEMBER OF COUNCIL.

Bangalore,
22nd January 1937.

Submitted to His Highness.

I submit herewith a Final Note by the Second Member of Council regarding the Conference between the Madras, Bombay, Mysore and Coorg Governments in connection with the sale of sandalwood and oil for His Highness's gracious perusal.

Mirza M. Ismail

Bangalore,)
25th January 1937.) DEWAN.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Proceedings of the Conference between the Madras, Bombay, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

C Secy Bng
27-1-37

MS
27.1.37

256

Order.

~~KRW~~
27/1/37

SUBJECT:— Proceedings of the Conference between the Madras, Bombay, Mysore and Coorg Govts in connection with the sale of Sandalwood and oil.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/~~after~~ issue of orders.* (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

..~~Devel opment~~. Department.

28.1.37

FIRST MEMBER OF COUNCIL.

28/1

5268
28.1.37

SECOND MEMBER OF COUNCIL.

28/1/37

Secy to Govt, Dev. Dept.
with Compliments.

28/1/37

29.1.37

29.1.37

NOTE.—Contn. sheet.

Ex. M-Branch
Forest Section.
29/1/37

WD 1170—GPB—1,000-2-12-36

CB. 1072

General and Revenue Secretariat	File No.	of 193	[App. F. III—2

Serial No.

I submit the letter which Secretary Dewan is known.

The points are the underlined Dewan on the three points.

1. yes.

2 The Dewan will be away at Cochin & he expects how it is not possible for him to attend the meeting.

3 Does not consider it necessary to make the Council chamber available.

A draft do. is putup.

Chief Secy. with copy

MW. 23.12.36.

Draft Subd for appl.

2nd Member)

MS 23/12

MM 23/12/36.

MS 23/12

Issued vide DO 708-O- 24.12.36.

Secretary. (The Forest Section may perhaps take any further action necessary)

Done 26/12 CJC 26/12/36

Devlee)

MW. 26.12.36.

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Conference between the Myso Mines & Coorg Govt about sale of Sandalwood & oil. CB·1072

File No.	of 193 .	General and Revenue Secretariat
		Serial No.

Do Secr. Bgr. to kindly put up the papers bearing letter no pl 48/S.O.F. 91-35-2 dy 10-7-1936

MW. 28/12/36

GEN. & REV. REGISTRY
3316
29 DEC. 1936

35 VM
(1)

2492
o

Sa 2876

Sandalwood Conference

These papers may be
sent to the Dev Secy
for reference

Dom
2/1 Submitted to the
Registrar for perusal (A note
of this may be kept in O.B.
if deemed necessary).

The papers may perhaps
be recorded in the Forest
Section, along with the papers
regarding the Conference.

Cfd 2/1/37) Offg Secy/1

×
Mr KSN
JBS
2/1 The dates of the Confce have
been noted. This will be sent
back to C.F. when asked
for.
Offg JBS.
2.1.37. Secy/2/1

SECL. SECRETARIAT
11 JAN. 1937
DEVELOPMENT BRANCH

G. M. Dom) The previous papers
JBS are in the Dev. Br.
4/1 To Dev Branch 2/1

All communications to be addressed to the Secretary to the Chief Commr. of Coorg, Bangalore, by designation and not by name.

620 Pol. 1772

No. 1645 ENCLOS. No 991 Dated Bangalore, 22nd June 1936.
468-36

DEWAN'S OFFICE
29 JUNE 1936
No. 7930

FROM

RESIDENT and
THE SECRETARY TO THE CHIEF COMMISSIONER OF COORG,

S.O.F. 91-35-1

To

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

Subject:— Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

SIR,

With reference to the correspondence ending with your letter No.Pol.50/S.O.F.62-33, dated the 11th July 1935, addressed to the Secretary to the Hon'ble the Resident in Mysore, I am directed to say that the question of evolving a common policy between the Governments of Madras, Mysore and Coorg for the disposal of sandalwood and oil is engaging the attention of the Government of India.

2. The Inspector General of Forests in India has agreed to carry out an inspection of the Coorg forests immediately after Christmas next; and it has been suggested that advantage might be taken of his visit to hold an informal meeting of the Forest representatives of the Madras, Mysore and Coorg Governments at Bangalore for discussion of the question. The Chief Commissioner feels that an informal discussion in the presence of the Inspector General of Forests might help to bring about an agreement acceptable to all parties; and I am to enquire whether the Government of Mysore would agree to depute their Chief Conservator of Forests to take part in a discussion of this nature at Bangalore. The date of the proposed meeting would be intimated in due course.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY TO THE RESIDENT and CHIEF COMMISSIONER.

Pol. 48/S.O.F.91-35-2

To

D 10-7-36

The Secretary to the Hon'ble
the Resident in Mysore.

Sir,

With reference to your letter No.1645/468-36 dated 22nd June 1936 stating that it is proposed to hold an informal meeting of the Forest Representatives of the Governments of Madras Mysore and Coorg at Bangalore soon after Christmas in the presence of the Inspector-General of Forests in India with a view to evolve a common policy for the sale of sandalwood and oil, ~~and enquiring whether~~ I am directed to state that the Government of Mysore will be glad to depute ~~would be agreeable to depute~~ their Chief Conservator of Forests to take part in the discussion, I am ~~directed to state that the Government of His Highness are agreeable to the proposed deputation of the Chief Conservator of Forests in Mysore~~ also to attend the informal meeting.

I have etc.,

Secretary to Govt.
Development Deptt.

3.7.36

D 13/7/36

Copy to Chief Conservator of Forests in Mysore with reference to his letter No.D1-170-1030-34 dated 2-4-35 for information. Copies of lett No.Pol.50-S.O.F.62-33-14 dated 11-7-35 to the Residency and of letter No.1645/468-36 dated 22-6-36 from the Residency are enclosed.

B. O.

Secretary to Govt.
Dev: Deptt:
3.7.36

D 13/7/36

Copy W.D.S.O.T.

S.O.F.62-33-12 D

p.t.o.

With copies of letters referred to in the above memo.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 10th ~~June~~ *193*6

No. 101-48
For. 91-35-2

From

The *Secretary to the Government of His Highness the Maharaja of Mysore,*
Development Department.

To

The Secretary to the Hon'ble the Resident in Mysore,
Bangalore

Sir,

With reference to your letter No.1645/468-36 dated 22nd June 1936 stating that it is proposed to hold an informal meeting of the Forest representatives of the Governments of Madras, Mysore and Coorg at Bangalore soon after Christmas in the presence of the Inspector-General of Forests in India with a view to evolve a common policy for the sale of sandalwood and oil, I am directed to state that the Government of Mysore will be glad to depute the Chief Conservator of Forests in Mysore to take part in the discussion. I am to add that if there be no objection, the Director of Sandalwood Oil Factory will also attend the informal meeting.

I have the honour to be,
Sir,
Your most obedient servant,

(Signed) M. Venkatanaranappa.
Secretary to Government,
Development Department.

Memo. No. 96) Revenue

Bangalore, 13th ~~June~~ 1936.

Copy of the above is forwarded with compliments to the Chief Conservator of Forests in Mysore, with reference to his letter No.D1-170-1030-34 dated 2nd April 1935, for information. Copies of letter No. Pol.50-SOF.62-33-14 dated 11th July 1935 to the Residency and of letter No.1645/468-36 dated 22nd June 1936 from the Residency are enclosed.

By Order,

(Signed) M.Venkatanaranappa.
Secretary to Government,
Development Department.

P.T.O.

Memo.D.268 & 13/7/26
Enclose

Bangalore, 13th July 1926.

Copy of the foregoing is forwarded with compliments to the Director of Sandalwood Oil Factory in Mysore, with copies of letters referred to in the memo above.

By Order,

for Secretary to Government,
Development Department.

MYSORE FOREST DEPARTMENT.

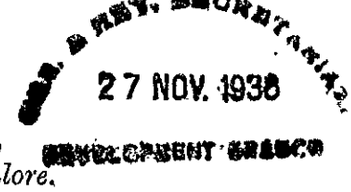
No.D1.34-483-36/37
Enc.

OFFICE OF THE CHIEF CONSERVATOR OF FORESTS
IN MYSORE.

Bangalore, dated 26th November 193 6.

FROM

M. MACHAYA, ESQ., B.A. (OXON.),
Chief Conservator of Forests in Mysore,
Bangalore.



To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government
of H. H. the Maharaja of Mysore,
Development Department, *Bangalore.*

Sir,

Sh. 9-14
13.

With reference to your memo No.D.267 dated the 13th July 36 forwarding copies of your letters Nos.Pol.50-S.O.F.62-33-14 and 48-S.O.F.91-35-2 dated 11th July 35 and 10th July 36 respectively to the Residency and of letter No.1645/468-36 dated 22nd June 1936 from the Residency, regarding the informal meeting of the Forest representatives of the Governments of Madras, Mysore and Coorg at Bangalore, I have the honor to forward herewith for the information of Government, copy of letter No.693 dated the 17th November 36 received from the Inspector General of Forests, New Forest, Dehra Dun and to state that a reply has been sent to him to the effect that the dates fixed by him for the meeting will suit me.

I have the honor to be,

Sir,

Your most obedient servant,

M. Machaya

C11/25-11-36.

Chief Conservator of Forests.

Copy of letter No.693 dated 17-11-1936 from the Inspector General of Forests, New Forest, Dehra Dun, to the Chief Conservator of Forests in Mysore, Bangalore.

.....

As I understand the Government of Madras, Mysore, Coorg and Bombay are now willing to meet in a conference presided over by myself to consider matters of mutual interest in the trade in Indian sandalwood and the possibility of entering into an amicable arrangement with Australia, I propose to convene a meeting for this purpose at Bangalore on 11th and 12th January 1937 and trust that you will be able to attend.

C11/25-11-36.

Chief Conservator of Forests.

Appendix F G—1]

SUBJECT.....

.....

.....

Section S.O.F.

File No. 91—35

Serial No. 4

Diary No. of letter replied to.....

No. D. 3871-2/en/each

To

1 The Director of S.O.F.

Sri. 2 The C.C.F., in Mysore

General and Revenue Secretariat

( )

the 193 .

In Continuation of

this office Memo No. D.268

Date of issue 15/12/36

267

S.O.F. 91-35.2810.36 for-

warding copy of letter of even

Signed by Mr. K. Subba Rao.

date from Resy regarding

a conference between the

Masters, Mysore and Coorg

Govts. in connection with the

Sale of sandalwood and oil,

for your information and action.

I am directed to state that

List of enclosures.....

the Govts. of Masters, Mysore,

Coorg and Bombay are re-

quested to be sure writing

forwarding herewith copy of letter no. bg 3811.1.36 from the S.G.O.F. Mysore inviting their proposed conference ~~of technical officers is proposed~~ to be held at Bangalore on 11th & 12th January 1937.

Copied by.....

Examined by.....

WD 03601—GPB—30,000—23-9-35

I have etc

Sd/-

11.12.36

Sec 14/12

to meet in a Conference presided over by the D.C. of State, to consider matters of mutual interest to the Trade in Indian S. waters and the possibility of entering into an amicable settlement with Australia. The meeting is proposed to be held for this purpose at Bangalore on 11th and 12th January 1937. I am to request you to be so good as to make it convenient to attend the Conference on the said dates with all necessary papers and report the views of the discussions at the meeting for his information & guidance. The C.C.F. in Mysore will also attend the Conference on the said dates.

I have &c

Asst Secy

Copy to C.C.F. with reference to his letter No. W7-36-4833 dated 26.11.36

Asst Secy

Copy to H. Section, G.M. Bgr.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. A 3871-2 / SO-7-91-35-4

Dated, Bangalore, ~~14th December~~ 15 193 6.

From

The *Secretary to the Government of His Highness the Maharaja of Mysore, Development Department.*

To

1. The Director, Sandal Oil Factory, Bangalore.
2. The Chief Conservator of Forests in Mysore.

Sir,

In continuation of this office Memorandum No.D.268/S.O.F. 267 even 91-35-2 dated 10th July 1936 forwarding copy of letter of ~~ev~~ date to the Residency regarding a conference between the -- Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil, I am directed to forward herewith for your information and necessary action copy of lette No.693 dated 17th November 1936 from the Inspector General of Forests intimating that the proposed conference will be held at Bangalore on the 11th and 12th January 1937.

I have the honor to be,

Sir,

Your most obedient servant,

For Secretary to Government

THE RESIDENCY,

BANGALORE.

Camp Mercara,
18th December 1936.

My dear Sir Mirza,

The following officers from outside are coming to Bangalore for the Conference to consider the trade in sandalwood which is to be held on the 11th and 12th of next month, namely, the Inspector General of Forests, the Chief Conservator of Forests, Madras, the Chief Conservator of Forests, Bombay, and possibly the Assistant Secretary for Development, Madras. The Inspector General of Forests will stay with me at the Residency. I invited the Chief Conservator of Forests, Madras, also to stay with me but he has replied that he is making his own arrangements for his stay in Bangalore as he will be accompanied by his wife and two nieces. If the Assistant Secretary for Development, Madras, also attends the Conference I propose to ask him to stay with me. I thought that the Darbar would probably like to have an opportunity of inviting at least one of the officers who are coming from outside to be their guest and

for

THE RESIDENCY,
BANGALORE.

for this reason I am sending this letter. Possibly the Darbar might like to put up the Chief Conservator of Forests, Bombay, and for this reason I have not yet sent him any invitation. And if they would like to put up also the Assistant Secretary for Development, Madras, I will not send him an invitation. I hope you will understand that I am quite ready to put up all these people but my feeling was that the Darbar would like to be consulted in the matter and have an opportunity of themselves inviting one or two of the officers to be their guests.

Yours sincerely,
J Bowring

Amin-ul-Mulk Sir Mirza Ismail, K.C.I.E., O.B.E.,
Dewan of Mysore,
Carlton House,
Bangalore.

CB 1072

D.O. No. 204
438-36

Dated Bangalore, the 22nd December 1936.

P. Subd for perusal and orders as regards items (1), (2) & (3) marked infra.

23/12

Dewan
Rev. Dev.
Secy

Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

My dear Mr. Kesavamenon -

Will you please refer to the correspondence resting with Mr. Venkatanaranappa's letter No.Pol.48/S.O.F.91-35-2, dated the 10th July 1936. I am desired to say that the Inspector General of Forests has intimated that it would be convenient for him if the proposed meeting could be held at Bangalore on the 11th and 12th January 1937; and I am to express the hope that these dates will be convenient for the Government of Mysore also. (1)

2. It is understood that the representatives of the Mysore Government at the meeting will be the Chief Conservator of Forests and the Director of the Sandalwood Oil Factory. The Government of Madras have agreed to depute their Chief Conservator of Forests; and the representatives of the Coorg Administration will be the Commissioner and the Chief Forest Officer of Coorg. In addition however to these representatives of the Coorg Administration, I am to say that the Chief Commissioner himself proposes to be present at the discussions, at least on the first day; for although the meeting is to be an informal one, the question is one of considerable importance and he understands that the Inspector General of Forests may have some interesting information to give on the subject. He is suggesting to the Government of Madras that they might like to depute in addition their Secretary to Government in the Development Department; and I am to suggest to the Government of Mysore that in the circumstances indicated, the Dewan also

might

might find it possible to be present at the discussions, at least on the first day. I am to add that Colonel Plowden personally would appreciate it very greatly if the Dewan could find it possible to do so. (2)

3. As regards a place for the meeting, I am to enquire whether the Government of Mysore would kindly agree to its being held in the Council Chamber in their Public Offices at Bangalore. (3)

Yours sincerely

B. T. Kesaviengar, Esq., B.A.,
Chief Secretary to the Government of
His Highness the Maharaja of Mysore

D.O. 2010/one

Bangalore,
23rd December 1936.

My dear Sir Charles,

I am enclosing you for kind submission to His Highness a letter of the 18th. instant which I have recei from the Resident asking to be informed if the State would like to put up the Chief Conservator of Forests, Bombay, as a guest when he comes down to Bangalore next month for a conference in connection with the sandalwood trade.

I shall send a reply to the Resident, if His Highness approves, that we do not propose to ask the Chief Conservator to stay as the guest of the State at Bangalore.

Yours sincerely,
Sd. Mirza M. Ismail

Sir Charles Todhunter, K.C.S.I
Private Secretary to His Highness the Maharaja
of Mysore,

G. R, S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*

3 Copies

Mysore

Rand London.

Conference of ~~Forest~~ Mammals Forest officers meet at Bangalore Eleventh January to discuss policy Sandal wood disposal Stop ~~Suggestions~~ Comments by Air mail your suggestions Despatch.

23-12-1936

and agreement between Themselves & possibility with Australia.

[Vide D No 3107 and letter No. 356429 18.12.36]

Despatched 5 pm 23.12.36.

Vasantha Mahal,
Mysore, 24th December 1936.

C 647
Enc. one.

DEWAN'S OFFICE
26 DEC. 1936
No. 2013

My dear Mirza,

I am desired to acknowledge receipt of your d.o.letter No.2010 of the 22nd instant on the subject of the entertainment of certain officers who are coming to Bangalore next month for a conference in connection with the sandalwood trade and to say that His Highness the Maharaja approves of your proposal that you do not wish to entertain the Chief Conservator of Forests, Bombay.

Yours sincerely,

C. Secy
Secy to Resident.
Mas h informs accordingly
MS
26-12-36

Draft submd
MS
26/12

C.B.
Draft
MS
26/12

4298
26/12

Submd to Dewan
CPA 28/12/36)
MS 26.12.36
(letter to Resy issued)

2nd reminder)
MS 29/12

Nil 31/12/36

D.O. Pol.708 Dy. 12. 36

My dear Major Edwards,

I am in receipt of your D.O.letter No.204/438-36 dated 22nd December 1936 in regard to the conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil and to state that the proposed dates, 11th and 12th January, are convenient. The Dewan however regrets very much that he will be away from Bangalore on these days and cannot therefore attend the meeting on those days. The Chief Commissioner would perhaps find it more convenient if the meetings are held in the Residency. I am also to request that, if there is no objection, the Development Secretary may be also attend the meeting.

Yours sincerely
M
23/12

Major C.G.N.Edwards, I.A.
Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

D.O. Pol. 708.

I am in receipt of your D.O. letter No.204/438-36 dated 22nd December 1936 in regard to the conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil and to state that the proposed dates, 11th and 12th January, are convenient. The Dewan, however, regrets very much that he will be away from Bangalore on these days and cannot therefore attend the meeting. In view of this, the Chief Commissioner would, perhaps, find it more convenient if the meetings are held in the Residency. I am further to request that, if there is no objection, the Development Secretary to Government may also attend the meeting.

Major C.G.N.Edwards, I.A.,
Secretary to the Hon'ble The Resident in Mysore.

No. 80 Pol. 716

28.12.36.

My dear Major Edwards,

I am desired to invite your kind reference to the Hon'ble the Resident's D.O. letter dated 18th December 1936 to the Dewan, enquiring whether the Mysore Government would like to put up the Chief Conservator of Forests, Bombay, as a guest ~~on the occasion of his~~ when he visits ~~to~~ Bangalore next month for a Conference in connection with the sandalwood trade, and to state that this Government do not propose to ask the Chief Conservator to be the guest of the State at Bangalore on this occasion.

Yours sincerely,

26/12

Major C.G.N. Edwards, I.A.,
Secretary to the Hon'ble the Resident in Mysore.

T. V. A. ISVARAN
TRADE COMMISSIONER
FOR MYSORE
— Telephone: Whitehall 8866.
Telegrams: Mysoff, Rand, London
Please Quote Ref. TC/S.

RECORD SECTION
No 4609

GRAND BUILDINGS,
TRAFALGAR SQUARE,
LONDON, W.C.2

29th December, 1936.

BY AIR MAIL

DEVELOPMENT SECRETARY
TO GOVERNMENT OF MYSORE

The Secretary to the Government of
H.H. the Maharaja of Mysore,
Development Department,
BANGALORE.

Dear Sir,

With reference to your cablegram intimating that a conference of Madras, Coorg and Mysore officers will be meeting in Bangalore to discuss the policy regarding the disposal of Sandalwood, and calling for my suggestions in the matter, I write to indicate the position here and in the States as far as I have been able to understand it.

Some time in October last the Forest Utilisation Officer of Madras approached some distillers in London offering Madras wood for sale. Messrs, Bush & Co. were one of those thus approached and they declined to entertain the suggestion since they preferred to be loyal to Mysore. The only other distiller that I know who distils from non-Mysore wood is Messrs Stafford Allen & Sons. A very small quantity of wood is treated by them annually and owing to the heavy cost of English labour, their distillation charges seem to be high, as can be seen from the price of their product which is generally quoted at 20/- per lb. and this oil is purchased by their select customers in small quantities, from whom in turn they take certain goods for their own purposes. I know of no other firm that distils Sandalwood Oil in London. Whiffen & Sons were at one time distilling it and they seem to have given it up now.

Development Secretary. 29th December, 1936.

While I was in New York I came to know that Messrs. Dodge & Olcott and George Lueders & Co. were engaged in distilling Sandalwood Oil, the wood being obtained from Madras. These firms, as well as Messrs. Bush & Co. of New York, have also been approached recently, enquiring whether they would buy wood for their distillation. Messrs. Peirce Leslie & Co., the Forest Utilisation Officer of Madras and also Nowroji & Co. of Bombay had broadcasted the information that large quantities of Madras and Coorg wood would be put up for auction this year and invited the firms to make early arrangements to obtain their requirements. Messrs. Bush & Co. declined to avail themselves of this opportunity to purchase the wood.

From confidential sources I ascertained that Messrs. Dodge & Olcott treated in their distillation plant about 25 or 30 tons of wood during 1935. They are still selling the proceeds of that wood, in the sale of which I gather they are experiencing some difficulty with regard to the price. It is surmised that the very long time it has taken Dodge & Olcott to dispose of the proceeds of their distillation will make them become rather discouraged in buying further parcels of wood, with the probability of having to sell the oil without profit. One reason for encouraging Ungerer & Co. with a special price was to defeat the competition of Dodge & Olcott and George Lueders & Co. We may, therefore, expect to obtain the business from Dodge & Olcott for Mysore Oil.

I do not entertain grave fears as to the competition that might arise from George Lueders & Co. who, though they obtain ~~it~~ in small quantities, distil ~~Madras wood~~, adulterate the oil and sell to cheap soap makers, capsule makers and perfumers, who are not very many on their books. If Messrs. Dodge & Olcott decide to purchase large quantities of Madras wood at a favourable price, then perhaps we would have to meet some real danger from this competition by a further cutting down of our prices in the States. This contingency may not arise in the near future in the States. We have our contracts with all the large buyers in the U.S.A. till

till the end of 1937, and prospects of extending our business connections while retaining the existing customers are on a satisfactory basis.

Messrs. Nowroji & Co. have also approached our large customers in England, in France and in the States, including our Paris agent, offering oil at a very favourable price, viz. 16/6d per lb. I will submit separately for the information of Government a copy of the letter addressed by the firm to Mr. Duclos and also to Messrs. Bush & Co. in London. The representative of Sorabji was in London recently endeavouring to secure the business from Unilever, with whom last year we had a contract for the supply of 8000 lbs. of oil at 17/4d per lb. In the course of my negotiations with the Chief Buyer of Unilever, for the extension of the contract, he informed me confidentially of the offer of Nowroji at 16/6d per l.. In spite of it all it was finally possible to conclude an agreement with them for the supply of 10,000 lbs. of our oil at 17/6d per lb. for the year 1937 - an increase in quantity and in price. I had also occasion to see a sample of Nowroji's oil when I was in Paris in September last, and the firms that had received similar samples from Nowroji had definitely declined to look at the oil as it was very inferior in every respect and I was assured by Mr. Duclos that even if Nowroji offered the oil at a far less price, the French customers would not be induced to buy it, since they had great confidence not only in the quality of our oil but also in respect of deliveries for which we were in a sound and dependable position being under Government control.

These circumstances point out that, so far as the present and the immediate future market conditions go, there is no reason to apprehend any sliding down in our scale of prices or even in the volume of business that we would be able to transact. Mysore Sandalwood Oil has come, if I may be permitted to be a little optimistic, to establish itself more strongly in the Continental and United States markets. The position requires to be further consolidated by pursuing a policy of vigilence and friendly relations.

Development Secretary. 29th December 1936.

It is suggested that it would strengthen our position greatly if we could purchase all the best wood that is marketed by the Coorg and Madras Governments. Such a course, if it were possible to accomplish, would enable us to control more effectively the prices of the genuine East Indian Sandalwood Oil, but taking into consideration the hold that the Mysore Oil has already both in Europe and in America, it may not be the first essential step now necessary. I submitted in my letter to the Dewan, dated the 17th October, 1936, that our officer who is deputed to attend the sales both in Coorg and Madras, might be permitted to bid or make an attempt to raise indirectly the prices of wood at such sales. If purchasers cannot obtain wood cheaply they would not be in a position to offer the oil at a competitive price, and they would not attempt to enter the European and American markets, without incurring substantial losses.

We may perhaps agree as to the minimum price at which genuine East Indian Sandalwood Oil may be marketed in Europe and America. The Australian Oil is cheaper but it has not made any headway amongst buyers of Mysore Oil, though in the case of France there is the Government support to the oil being used exclusively by the capsule makers. Dr. Astier and Dr. Chabelle continue the use of Mysore Oil.

Yours faithfully

Trade Commissioner for Mysore in London.

On the 11th January 1937 a meeting was held at Bangalore to discuss the possibilities of coming to an agreement regarding the disposal of sandalwood and oil between the Governments of Madras, Mysore and Coorg and other matters concerning the trade in sandalwood.

--:0:--

C. G. Trevor, Esq., C.I.E. I.F.S., Inspector General of Forests opened the Conference.

The following gentlemen were present -

1. T.A.Whitehead, Esq., I.F.S.,
   Chief Conservator of Forests,
   Madras.

2. H.C.Hiley, Esq., I.F.S.,
   Chief Conservator of Forests,
   Bombay.

3. M. Machaya, Esq., I.F.S.,
   Chief Conservator of Forests,
   Mysore.

4. S.G.Sastry, Esq., B.A., M.Sc., F.C.S.,
   Director of Industries & Commerce,
   Mysore.

5. M.Venkatanaranappa, Esq., B.A.,
   Secretary to the Government of Mysore,
   Development Department.

6. I.M.Fraser, Esq., I.C.S.,
   Commissioner of Coorg.

7. J.E,M.Mitchell, Esq., I.F.S.,
   Chief Forest Officer, Coorg.

Mr.Trevor first of all, commented on his memorandum dealing with various aspects of the trade in sandal, copies of which were circulated to all members.

(1) Fixation of quota by each Government concerned.

The representatives from Coorg proposed a quota for the next 3 years and after some discussion it was found that all parties could not agree on this proposal owing to the increased quantity of dead wood available

available in Madras. The rapidity with which spike has spread is responsible for this.

No Governments at the moment are extracting green wood and have no intention to do so at present. It therefore appears that the present position should be allowed to continue and the price of sandalwood, which is still considerably in excess of the pre-war average should be allowed to find its own level.

(2) Disposal of sandalwood by Madras, Bombay and Coorg.

It was agreed that sales by tender or auction shoul be distributed over the year as follows:-

Bombay.	15th February to 15th March.
Coorg.	August and January.
Madras.	June July and November December.
Mysore.	Does not at present sell by tender or auction.

This is subject to modification and agreement between the three Governments concerned. If Mysore wishes to sell by tender or auction, they will arrange dates in consultation with the other Governments. All Governments will issue their tender and auction notices to the other Governments concerned and will report the results of the sales.

(3) (Item 2 of Inspector General's Memorandum).

The African sandalwood is osyris tenuifolia, which is not a true santalum. The analysis carried out at the Forest Research Institute, Dehra Dun confirms this supposition and seems to show that this oil may be used for purposes of adulteration. It was agreed that the Bombay and Mysore representatives should take early steps to ascertain if this supposition is

is correct and enquiries should also be made as to the quantity and uses of this oil in India. The Inspector General will also correspond with the Forest department in Tanganyika regarding quantities of this tree available for exportation.

In view of the declared values of this imported African wood at Rs.156/- per ton, the Conference was of the opinion that the Customs should be addressed with a view to fix the value of imported sandal wood and oil or similar products for duty purposes at a figure comparable to Indian sandalwood and oil.

(4) The important distillers of sandalwood oil are:

(1) Mysore Government.

(2) Messrs.Sorabji Nowroji and Co.,Bombay.

(3) Messrs.Kangundi Industrials, Kuppam, Chittoor District,Madras. (2 distillers).

(4) Messrs. Mathura Prasad Suraji Prasad, Kanauj City, U.P.

In the absence of any restriction on quantities and prices of sandalwood disposed of by the producers, it does not seem possible to obtain an agreement amongst the distillers. However Mysore are prepared to consider any definite proposals, which might be put forward by Western Australia, and Mr.Trevor was asked to obtain definite proposals from Mr.Kessell the Conservator of Forests Western Australia and communicate them to the permanent sandal committee.

(5) It was decided that

(1) Chief Conservator, Mysore,
(2) Chief Conservator, Madras,
(3) Chief Conservator, Bombay,
(4) Chief Forest Officer,Coorg,

should form a permanent sandal committee, with the

Inspector

Inspector General of Forests as Chairman, to discuss any problems of mutual interest.

The meeting was adjourned till 11 a.m. 12th January.

The above proceedings were confirmed on the 12th January.

On 11th January 1937 a meeting was held at Bangalore to discuss the possibilities of coming to an agreement regarding the disposal of sandalwood and oil between the Governments of Madras, Mysore and Coorg and other matters concerning the trade in sandalwood.

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2. A.C. Hiley, Esq., I.F.S.,
   Chief Conservator of Forests,
   Bombay.

3. M. Machaya, Esq., I.F.S.,
   Chief Conservator of Forests,
   Mysore.

4. S.G. Sastry, Esq.,
   Director of Industries,
   Mysore.

5. M. Venkatanaranappa, Esq.,
   Secretary to the Government of Mysore,
   Development Department.

6. I.M. Fraser, Esq., I.C.S.,
   Commissioner of Coorg.

7. J.E.M. Mitchell, Esq., I.F.S.,
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(5) It was decided that

(1) Chief Conservator, Mysore,
(2) Chief Conservator, Madras,
(3) Chief Conservator, Bombay,
(4) Chief Forest Officer, Coorg,

should form a permanent sandal committee, with the Inspector General of Forests as Chairman, to discuss any problems of mutual interest.

The meeting was adjourned till 11.45 a.m. 12th January.

Sd/- C.G. Trevor.
Sd/- T.A. Whitehead.
Sd/- A.C. Hiley.
Sd/- M. Machaya.
Sd/- S.G. Sastry.
Sd/- M. Venkatanaranappa.
Sd/- I.M. Fraser.
Sd/- J.E.M. Mitchell.

In connection with the proposed meeting of the Forest Officers of the Madras, Coorg, Bombay and Mysore Governments a meeting of the Sandal Oil Board was held in the Chambers of the Second Member of Council on the 4th instant when the following decisions were tentatively adopted in regard to the attitude to be taken by the Mysore Representatives:-

(a) As stated by the Mysore Government, an understanding by the various Governments within India is essential before the possibility of entering into an agreement with Australia is considered.

The main arguments in support of this view are:-

(1) The situation is altered considerably since Mr. Gibson wrote his note early in 1933. The competition of the West Australia Oil has not affected the sale of Mysore Oil so far the quantity is concerned and even the price to the extent feared.

(2) It looks as though the depression is over and the demand for sandal oil is reviving.

(3) In any case we have not got sufficient information about the Australian Wood and oil- out-put, quality and cost and sales.

(b) An understanding on the right lines, between, Madras, Coorg, Bombay and Mysore will help to raise the price of Sandal Oil and wood and ensure a higher return to all the Governments.

(c) This can be achieved by fixing quotas and percentages of wood to be placed on the market by each Government so as to avoid competition between themselves and restrict the

the sales to the better paying demand.

(d) In regard to the quotas Mr. Gibson has prepared an estimate of the capacity of the various Government which is as follows:-

Mysore	2,000	Tons
Coorg	200	"
Madras	650	"
Bombay	150	"
Total...	3,000	Tons

This is too favourable to Madras and unfavourable to Mysore.

Mysore has in the past sold more than 2,000 tons in some years but has voluntarily restricted her sales of oil so as not to disorganise the market. As the full quantity available in the forests has not been exploited in the recent years, Mysore can obtain much larger quantities for some years to come and moreover she has large stocks in her depots at present. In view of this and also the opinion expressed in some quarters that Madras and Coorg have on the other hand been over exploiting their resources; the following quotas may be suggested for adoption:-

Mysore	2,200	Tons
Coorg	200	Tons
Madras	450	"
Bombay	150	"
Total .	3,000	Tons.

Exploration of methods of Co-operation amongst Mysore, Madras & Coorg Governments.

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1. Suspension of sales of wood completely and getting oil out of the wood and selling oil. If this were to be done, then Madras and Coorg Governments should instal their own distillation plants, maintain the requisite scientific staff and produce sandal oil conforming to various pharmacopea specifications. This would involve capital expenditure by Madras and Coorg Governments. If they are prepared to do this, then all the three Governments can have a common sales policy. An arrangement like this was actually in existence between Mysore Government and the Kuppam Factories. It is doubtful whether the two Governments would be prepared to invest the required capital and undertake the responsibility of distilling the oil. If this is so, they may send all the wood to Mysore for distillation purposes If that should happen, Governmeht of Mysore will have to spend some money for expanding the present Factory by additional equipment. This will not be possible for two reasons.

(a) The Government of Madras have already turned down such a proposal.

(b) The four distillers in British India are sure to make representations to their various Governments that they cannot be expected to close down their Factorie

Therefore this method of co-operation, namely suspension of sale of wood and in its place distilling the oil and selling it does not seem to be feasible -- proposition.

2. If Madras and Coorg Governments should continue

continue to sell the wood, the question to be decided is what is the quantity they should put on the market, also what should be the share of different Governments? For allotting the shares of different Governments, we shall have to take the average figures relating to the sales of sandalwood during the pre-distillation period. During that period the Government of Mysore auctioned about 2,600 tons of wood and Madras and Coorg Governments auctioned varying amounts between 400 to 600 tons Therefore as a rough approximation we may assume that world demand for Eastern Indian Sandalwood during the pre-distillation period was in the neighbourhood of 3,000 tons. Of this about 300 tons would be taken up for ceremonial purposes, for incense sticks etc. The balance of 2,700 tons would have been used for distillation purposes yielding 2,70,000 lbs. of oil. The important point to consider here is whether Madras and Coorg Governments would agree to adopt the average figures of the pre-distillation period. Latterly they have been putting on the market more and more wood and they have been putting on the market between 700 and 800 tons of wood a year. But during the Calendar year 1936, both the Governments put on the market 1,750 tons of wood (during November 1936 a total quantity of 825 tons was sold). If the Government of Mysore would like to take pre-distillation averages, Madras and Coorg Governments are likely to fight for the averages of the last three or four years. Whether a compromise is possible on this point and whether the three Governments concerned are prepared to agree on this point is a moot point. The essence of the situation is, there seems to be an

an atmosphere created in which the word "Co-operation" means sacrifices by Mysore Government. The advantages which the Madras and Coorg Governments obtained in the form of increased revenue by the policy of Mysore Government in distilling oil in India and selling it at fairly high rates are either ignored and forgotten by these two Governments or at all events they looked upon as one which one should expect in the natural course of events. Inspite of these advantages it is a little discomforting to see that in their anxiety to maintain a ~~xxx~~ steady and enhanced revenue (enhanced in the sense of getting a revenue more than what they obtained during the pre-distillation period) these two Governments expect the Government of Mysore to make a sacrifice, themselves not yielding an inch.

Suppose for a minute, the three Governments agree upon a quota. Then comes the ticklish question of fixing a price below which the Madras and Coorg Governments will not sell their wood. This necessarily means the Government of Mysore should fix the price of oil high enough to make it possible for the wood to realise a pre-determined minimum price at the auctions. This price should be such as will permit of other distillers in British India to purchase wood at the auctions and to sell oil in the open market with a reasonable margin of profits. When we fix this quota we should never forget that the quantity of wood made available to other distillers in India should not be so great as to permit them to satisfy the entire Indian demand for oil. If this were done, Mysore will have no share in the Indian market. We should not agree ~~to~~ to this position. There is one difficulty under this

this arrangement. The Government of Mysore will have agreed to maintain a minimum price in the market. Being a Government, they will have to observe this price in a very literal manner. If the Indian distillers use questionable methods and try to compete with Mysore oil we shall be faced with a difficult situation. It will be impossible for Mysore Government to be finding faults with other private distillers every time they stoop to undesirable trade practices. Further, since with a view to maintain a high and steady revenue for Madras and Coorg Governments, we shall have to put a rate for wood and oil fairly high and if this rate is to be maintained on Overseas markets also we shall be inviting intensified competition from West Australian oil in all the markets of the world. Therefore we should have complete freedom of action to vary the prices for our oil in the Overseas markets according to the needs of the situation. The Government of Mysore if they agree to a quota and to a minimum price, it should be on the understanding that these rates apply to Indian markets exclusively and also that a fair share of the Indian market is reserved for Mysore.

Even if the above were possible we should not forget that the private distillers will have two other sources of wood.

(a) Wood from private plantations in British India. This is variously estimated as between 200 to 300 tons. The private distillers can get this wood at a lower rate than what can be fixed by Madras and Coorg Governments under the proposed agreement. This

This means that 20 to 25 thousand pounds of oil can be manufactured at a lower rate. In other words, under protection of maintenance of a high price by Mysore Government for Mysore Oil, the private distillers in India will secure a protected and advantageous position.

(b) If a high price is maintained for wood and oil there is always a chance of West Australian wood being imported by Indian distillers. The import of West Australian wood into India is now on the decline but this has been so simply because Madras and Coorg Governments are selling enough sandalwood to meet the requirements of the Indian distillers. If under a ~~xhx~~ scheme of co-operative agreement, the quantity sold by Governments is restricted, the private distillers are not likely to restrict the output in the factories but will import wood from Australia. This will increase the competition in the Indian markets for Mysore Oil.

3. Another way to look at this question will be to analyse the situation to find out what is it that the Mysore Government have got to fear and get funky about. Purely from a business point of view, there is nothing to worry about. We can regulate our sales policy in such a manner that we can maintain a steady revenue and if necessary a slightly enhanced revenue by extracting more wood from the forests and also reducing the prices still further to make it impossible for other distillers to compete with us.

In all these discussions there seems to have been an attempt made to consider the interests of Madras and Coorg Governments much more important than the interests of Mysore State. The case for Madras

and Coorg seems to have been given greater prominence than the case for Mysore. In fact the attitude seems to have been that Mysore should yield and give and the others to accept and take.

Co-operation is possible only when the share of Mysore will be not less than the pre-distillation averages. This would be about 2,500 tons. The arguments that we are not having that share now is not relevant at all, because we can shape our policy in future to attain the original position. Whereas the Mysore Government by a simultaneous reduction in price and exploitation of greater quantity of wood can maintain their sandal revenue unimpaired, under this policy the revenue of Madras and Coorg Governments will diminish. Whether we ought to mention this aspect of the question during the Conference or not will have to be discussed and decided upon.

Mr. Gibson wrote his note in regard to the raproachment between the Australian and Indian interests of sandal wood early in 1933. Since ~~then~~ then the situation has altered considerably. For one thing, it looks as though we are getting over the depression and the demand for sandal oil is reviving. Secondly, the competition from West Australian oil has been experienced these years and though this has affected the selling rates, it has not reduced very much the sale of the Mysore Sandal-wood oil in the European or eastern markets. The actual results of the competition of the Australian oil do not seem to be as bad as it was once feared by Mr. Gibson although it has affected the selling rates and naturally the revenue.

From the anticipations we can form of the trend of sales, Mysore can expect to place on the market in the shape of wood or oil about 2,200 tons in the year 1936-37 or at any rate 1937-38; but I am afraid the net return to the Government, in view of the latest sales by the Coorg and Madras Governments, will be even lower than last year's and may perhaps be taken at about Rs.700/-

An understanding with Madras, Coorg and Bombay ~~and~~ and eventually with Australia is desirable only from the point of view of raising the realised rate per ton. For mere disposal it is not at all necessary. A well designed

designed scheme of co-operation can help to keep prices at an average level of at least Rs.1,000/- a ton benefiting all parties.

The scheme that suggests itself as being most acceptable to all parties concerned is the following:

(1) Quotas to be fixed for the disposal of sandal wood either in the shape of wood or oil by the four Governments.

(2) A minimum price to be fixed for the sale of wood as such and this being reviewed from time to time according to the conditions of the market and the experience gained at the auctions and revised if necessary, so as to provide for the disposal of the quota quantities.

For some time to come, at any rate, no minimum price can be fixed for sandal oil as there will have to be a time lag on account of the large stocks held by distillers in Bombay and the competition with Australian oil. But the other contracting parties can naturally depend that Mysore will try to obtain the best prices in view of the limited quantity she can put on the market in the shape of oil.

In regard to fixing the quota various sets of figures can be brought in to support the final suggestion. The following is an analysis of the quantities disposed of during the various periods for the last 25 years.

	Mysore	Average	Coorg	Average	Madras	Average
1910-11 to 1916-17	13,368	1,909	1,349	193	2,217	317
1917-18 to 1922-1923	6,205	1,034	1,829	305	2,658	443
1923-24 to 1928-29	11,195	1,866	1,490	248	4,002	667
1929-30 to 1934-35	8,471	1,412	1,296	216	3,490	582
	39 239	1,569	5,964	239	12,367	495

The first is the pre-distillation period, the second after war, the third is the boom and the fourth depression. Though it might be contended that pre-distillation averages indicate the capacities of the various contracting parties, it will not be possible to brush aside the position indicated by recent sales. They may no doubt be attacked to the extent to which we could prove over exploitation.

The estimate prepared by Mr.Gibson is as follows:

		Suggested First Stage	Suggested Final acceptance.
Mysore	2,000	2,200	2,100
Coorg	200	200	250
Madras	650	450	500
Bombay	150	150	150
		3,000	3,000

This is too favourable to Madras and somewhat unfavourable to Mysore. On a review of all the circumstances, including our expectations for the nest year, I would suggest for consideration the following quotas.

Mysore	2,200
Coorg	200
Madras	450
Bombay	150
	3,000

We may ultimately be prepared to agree to the following:

Mysore	2,100
Coorg	250
Madras	500
Bombay	150
	3,000

	Serial No.	Mysore	Rv	Coorg	Rv	Mavad	Rv
1916-11 to 1916-17	7	13,368	1,909	1,349	193	2,217	317
1917-18 to 1922-23	6	6,205	1,034	1,829	305	2,658	443
1923-24 to 1928-29	6	11,195	1,866	1,490	248	4,002	667
1929-30 to 1934-35	6	8,471	1,412	1,296	216	3,490	582
	25	39,239	1569	5,964	239	12,367	495

Question. 1 What about Khandesh?

2 What about the quantity purchased for Coorg & Mavad by the Dy Collr.

B. Dr. Graham's estimate. Suggested Tentative Suggestion for immediate acceptance

Mysore	2000	2,000	2,100
Coorg	200	200	250
Mavad	650	450	500
Bombay	150	150	150
		3000.	3000.

C. 2000 X 750 lbs = 16.50.000 lbs

2000 X 550 = 17.00.000 lbs

Av. Price. Mysore

1910-11 to 1916-17	900
1917-18 to 1922-23	1,842
1922-23 to 1928-29	1,230
1928-29 to 1934-35	1,152

Rs 1200. Jaipokal 1000. Chillar 800.

Question 3. How far are the yields vitiated by the extraneous matter defoliation, absorption, Bangalore Factory etc

Rv S. Ramakrishna

Price per candy of 784 lbs. Yield 750 lbs.

NOTE—Contn. Sheet

WD 01955—GPB—22,500—12-6-34

From the information supplied by the Chief Conservator of Forests and the Director of Industries and Commerce it appear that the supplies of West Australian Sandalwood are not likely to be increased nor are their prices likely to be lowered below the present level. On the other hand it seems probable that during the next few years, the competition of West Australian sandalwood oil will be somewhat less severe than it has been in the past. An agreement with the producers of West Australian sandalwood oil does not, therefore, appear to be urgent. In any case, it cannot well be thought of unless and until some agreement is reached between the Governments of Mysore, Madras and Coorg, among themselves as to the policy to be pursued by them with regard to the sale of Indian sandalwood.

The Governments of Madras and Coorg have in the past been selling all the sandalwood collected in their Forests with the object of securing the maximum revenue possible in each financial year. It is not known whether they have fixed any reserve prices at the auctions; and if so, how these reserve prices are arrived at. The Government of Mysore, on the other hand, have adopted a steady policy of keeping up prices, to the extent possible without allowing the West Australian oil to gain too great a hold on the market. The Madras and Coorg Governments have benefited by this policy and secured the benefit of higher prices for their entire annual output. On the other hand the Mysore Government have substantially restricted exploitation and even so are now left with an accumulated stock of sandalwood (about 4,500 tons) in the Kotis. It is also understood that there are stocks aggregating about xm 2,000 tons with the private dealers who had purchased wood at Madras and Coorg auctions in previous years. And if all this quantity were unloaded on the market and if the Mysore Government were at the same time to release a larger proportion of their collections than in the past, as they cannot help doing, the effect on the

on the prices of sandalwood might be pronouncedly adverse for a number of years to come.

Any negotiations for the purpose of evolving a common policy must take the above facts into consideration. One possible arrangement that suggests itself is for all the Governments concerned to entrust their sales, both of wood and oil to a central Marketing Board and adjust their supplies and divide the profits in proportion to their normal annual output of sandalwood. But the trend of the correspondence that has taken place in the past does not encourage the hope that the Governments concerned would be willing to bring such an organisation into existence at present. There are also several practical difficulties on the way.

Considering the circumstances in which this conference is called, it is reasonable to assume that all concerned now realise the need for some measure of mutual co-operation, even if this should fall considerably short of any form of joint marketing. On this assumption, Mysore would suggest that the Governments may garee to a common scale of minimum prices for the different classes of sandalwood. These prices may be fixed or revised once a year or at more frequent intervals if necessary at joint conferences. A common understanding may be reached also with regard to quantities to be offered for sale each year by the several Government. Tentatively and subject to further discussion, we may suggest that the quotas of Bombay, Coorg, Madras and Mysore be fixed on the following basis:-

Mysore	2,200 tons	Madras	450 tons
Coorg	200 "	Bombay	150 "

Whether we adopt the above ratio or any modification thereof that may on further consideration be found to be equitable, there would be several matters of detail o be considered before a complete understanding could be reached. The position of Mysore differs considerably from that of

of Madras and Coorg in that while the latter sell their ~~wood~~x wood at particular times of the year, Mysore converts the bulk of its wood into oil and its disposals are continuous throughout the year generally on the basis of annual contracts. It is also relevant to note in this connection that the average prices realised for Madras wood are below those of Mysore and Coorg. The evaluation of different classes of wood would also be a point for consideration. But with good will on all sides and a spirit of mutual accommodation, it whould not be difficult to settle these details.

COORG ADMINISTRATION.

Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandal wood and oil.

M E M O R A N D U M.

1. The Coorg Administration agree that it is desirable if possible to evolve a common policy among the Governments which are interested in East Indian Sandalwood and oil before entering into any discussions with the representatives of Australian interests.

2. As a basis for such a common policy, the Coorg Administration advances the following proposals :-

(a) The fixation of a quota for each of the three Governments beyond which none of them would extract, sell, or distil in any one year.

(b) The fixation of a minimum price below which none of the three Governments would sell sandal wood ~~x~~ or oil.

(c) The fixation of dates for sandal wood sales (either by tender or by public auction) by mutual consent between the Governments which sell wood.

No. 18.

Office of the Inspector General of Rorests,

New Forest P.O., Dehra Dun, the 4th January 1937.

A copy of the Agenda for the Conference on Sandalwood trade to be held at Bangalore on the 11th and 12th January, 1937, together with a copy of the Memo on the subject prepared by the Inspector General of Forests is circulated to officers attending the conference.

Sd/-

For INSPECTOR GENERAL OF ØØRESTS

A G E N D A.

1. To consider the trade in Indian sandalwood and Indian sandal oil with a view to discover what steps should be taken to remove wasteful competition and prevent overproduction in India.

2. To consider the question of the import of African oil into India. The effect of this import on the Indian sandal wood and sandal oil trade and whether any steps should be taken to restrict the entry into India of this oil.

(The Inspector General of Forests Memorandum on the quality of this oil should be seen.)

3. To consider Mr. Kessell's letter of 18th December to the Inspector General of Forests with reference to co-operation between India and Australia in the sale of sandal oil.

4. Any other business which may be brought up.

MEMORANDUM ON THE TRADE IN INDIAN SANDALWOOD AND OIL.

Origin of the Question.

(Madras Govt. proposal for restricting imports)

In November 1932, the Government of Madras represented to the Government of India that there had been a steady fall in the price of sandalwood for sometime past which they considered was due to the import of cheap substitutes from foreign countries. They, therefore, requested that either the import of foreign sandalwood into India be prohibited or the import duty on it might be raised from 25% ad valorem to 100% ad valorem. But the Government of India could not proceed with the proposal, because, in the first place, a statistical study of the case disclosed that the fall in the price of the indigenous product was not due to an increase in the imports, and, secondly, the imposition of a prohibition or a prohibitive duty on the imported article would have tended merely to rais the price of the Indian sandalwood artificially and led to a further diminution in the export trade which though on the decline was yet of considerable importance

(Mr.Gibson's Note for controlling the sale and production of sandalwood.)

2. In March 1933, Mr.A.J.Gibson, the Indian Representative on the Committee on Essential Oil and Resins of the Imperial Institute, wrote a Note on the possibility of an understanding between India and Australia for controlling the production and sale of sandalwood. This Note evoked comments of a rather diverse nature from the various departments of the Government of India. The Government of Mysore, who, among others where consulted on Mr. Gibson's Note, suggested that prior to entering into an agreemeent with Australia it was imperative that those interested in the trade in Indian sandal wood and oils should first meet in a conference and evolve a common plan of action to safeguard their own interests. But the Government of Madras, Mysore and Coorg,most concerned in the matter, failed to come to an agreement on the basic principles of discussion,

and

the projected conference consequently did not come about.

Inspector General of Forests' discussion with Mr. Kessell in S.Africa.)

3. When making his report on the British Empire Forestry Conference held in S.Africa in 1935, the Inspector General of Forests informed the Government of India that he had discussed the world trade in sandal wood oil with Mr. S.L.Kessell, Conservator of Forests, Western Australia, and had gathered that the Australian interests were quite anxious to cooperate with India on a friendly basis for the mutual benefit of both countries. (Mr. Kessellll has just re-affirmed this reassurance.) The Inspector General of Forests then again emphasized the desirability of cooperation among the Governments of Madras, Mysore and Coorg in the matter of sandal wood and oil trade of India which cooperation he considered was an essential prerequisite to any discussions with Australia. But the Government of India decided that in view of their past experience nothing further would be done at the moment and that if the interests concerned in this country felt the pressure of Australian competition in foreign markets, they might be trusted to invoke the aid of Government of their own accord.

(Chief Forest Officer, Coorg's proposal to convene a Conference of Indian Govts. interested in Sandal trade.)

In May 1936, the Chief Commissioner and the Chief Forest Officer, Coorg, when inviting the Inspector General of Forests to inspect the forests of Coorg, suggested that he might arrange to call an informal meeting at Bangalore of the Chief Conservators of Forests Madras and Mysore and the Chief Forest Officer, Coorg, for the discusssion of the problems of the Indian sandal wood trade. The Chief Forest Office stated that all the three provinces were losing the revenue through not coming to an understanding with each other.

(Chief Conservator of Forests, Bombay's, requests for investigations of the question of decline in sandal prices.)

Three months later, (In August 1936) Chief Conservator of Forests, Bombay, also brought to notice the steady decline in the prices of sandal wood realized in that presidency since 1929-30. The average price for the period, 1917-18 to 1929-30 was Rs. 1322/- per ton.

After that period the price fell progressively and the average from 1930-31 to 1934-35 is said to have been only Rs. 664/- per ton. The Chief Conservator of Forests, Bombay, also stated that a similar drop in prices of sandalwood had occurred in the Madras presidency and the Mysore State. On enquiry, he found that apart from the general trade depression, the main cause of the fall in prices was the serious competition of inferior Australian sandal wood with the Indian sandal wood in the Indian as well as in the world markets, and the immunity from tariff restriction which the former enjoys in empire markets as a result of concessions made at the Imperial Conference. The result has been a seriously fall in sandal wood revenue in the Bombay presidency and other sandal wood growing tracts in India.

FOREST ECONOMIST'S EXAMINATION OF THE INDIAN SANDAL TRADE.

In commenting on the remarks of the Chief Conservator of Forests, Bombay, the Forest Economist, Forest Research Institute, observed that there was no prima facie case for the grant of tariff protection to the sandal wood oil industry in as much as the selling price has no relation whatever to the cost of production and any reduction in the selling price merely reduces the amount of profits made by the Forest Department. The selling price of sandalwood has never gone below the cost of production as is shown by the following figures.

Province or State.	Expenditure on collection, cleaning, etc. Rs.	Revenue realized. Rs.	Profits Rs.	Profits expressed as percentage of expenditure. Rs.
Madras (1934-35)	60,636	4,56,254	3,95,618	652%
Coorg (1934-35)	13,568	1,99,409	1,85,841	1,470%
Bombay (1934-35)	15,786	1,02,476	86,690	549%
Mysore	F I G U R E S N O T A V A I L A B L E.			

From the above figures, it is apparent that the present profits on sandal wood are very large and even if the price of sandal wood and oil goes down further in the world markets, the Forest Departments of South India

will still be able to make a very respectable profit. Nor is the sandal wood and oil industry in India in its infancy. On the contrary, it has been a highly organized industry for years. For this reason, too, it is highly improbable that the case for tariff protection wil receive the support of the Government of India. Any restriction on sandal wood coming into India from Australia or elsewhere will tend to raise the price of the Indian product and the Indian consumer will have to pay more for the commodity. Nor will such a restriction improve in any way conditions in the foreign markets (which are more important than the Indian ones) where there is severe competition between the Indian and Australian Sandal wood oils. The prices of the various kinds of sandal wood oils in the London market are given below:-

(London, July 20th 1936)

Genuine East Indian Mysore Oil	19 s. in one case lots.	
English East Indian oil	20 s. 6 d. to 25 s.	According to quantity (sic).
Australian B.P. and French Codex Oil.	14 s. to 14 s. 9 d.	"
English West Indian (Amyris)	5 s. 10½ d. in cwt. lots.	

The Australian oil has come to stay in the European market, more sepecially since it is now included in the British Pharmacopoeia (1932), the French Codex and the pharmacopoeias of other countries. the supply of Australian oil is in future bound to keep down the price of Indian oil, and it is most unlikely that the price of the Indian article will ever again reach the figures of past years, and no artifitial restriction or control of the price of the Indian oil in the world markets is possible or practicable. In the opinion of the Forest Economist it would be best to leave the market to itself and to let the prices adjust themselves. It may

be argued that larger amount of Australian oil placed on the market would further lower the price of the Indian oil. But, as the Australian oil always sells at about 5 s. per lb. cheaper than the Indian oil, excessive dumping would automatically lower the price of the Australian oil. It can perhaps be taken for granted that the Australian sandal wood oil industry is fully aware of this and will take good care not to put too much Australian on the market with any time.

The Indian export figures of sandal wood and oil for the last 10 years are given in the following table:-

Export and import of sandalwood from India and export of sandalwood oil.

	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33-	1933-34	1934-35	
Sandalwood.									
Export.									
1. Quantity in tons.	993	960	943	708	784	421	988	675	862
2. Value in rupees.	16,21,442	17,28,121	16,33,716	11,83,743	12,87,960	6,40,717	12,50,122	8,01,736	
3. Value per ton Rs.	1,633	1,800	1,732	1,672	1,643	1,522	1,265	1,188	1073.
4.									
Import.									
1. Quantity in tons.	481	553	489	341	352	408	340	292	
2. Value in Rupees.	2,40,219	2,42,465	2,83,017	1,37,477	1,25,004	1,83,223	1,35,495	1,01,847	
3. Value per ton Rs.	499	438	578	403	355	449	398	349	
Sandalwood Oil.									
Export.									
1. Quantity in gallons.	15,616	18,670	14,988	8,724	12,679	6,267	8,192	9,376	11205.
2. Value in rupees.	22,26,380	26,28,091	23,36,096	12,83,213	18,14,845	7,47,383	9,24,476	9,77,975	
3. Value per ton Rs.	142	141	156	147	143	119	113	104	99

These figures are not available.

From this table, it is evident that while there was a steady rise in the quantities of sandal wood and oil exported from India during the period 1930-35 (excepting 1932-33, the year in which the Australian sandal wood oil was first mentioned in the British pharmacopoeia), there was a definite decline in the average declared values for ton of sandal wood and per gallon of sandal oil. In the corresponding period the import trade in sandal wood would appear to have remained somewhat steady both as regards quantity and prices. The Forest Economist thinks that the prices will eventually find their level and will remain more or less steady, but Only the future can tell if this will happen.

As regards sandal wood production in India, the Mysore State heads the list, producing 2/3rds of the entire Indian output, the remaining 1/3rd being produced by Coorg, Madras and Bombay. Practically the whole of Mysore sandalwood is distilled for oil in the 2 factories at Bangalore and Mysore and in the third one established in New York (U.S.A.) for fiscal reasons. The bulk of the sandal wood exports from India go to the U.S.A. During 1931-32 the sandal oil receipts in Mysore were Rs.10,59,596/- while the revenue from sandal wood sales amounted to only Rs. 28,177/-. The Government of Mysore is not, therefore, very interested in the Indian trade in sandal wood. They are far more concerned with the oil.

The table below gives the prices obtained for sandal wood by the Coorg, Madras and Bombay Forest Departments:-

Province	Price of sandalwood per ton in Rupees.			
	1933-34	1934-35	35-36	36-37
Coorg	848	818	850.	760
Madras	896	701	687	615
Bombay	664/- (average of the 5 years 1930-35 as given by the Chief Conservator of Forests, Bombay.)			598.

The average declared value per ton of sandal wood exported from India during 1930-35 was as follows:-

Years	Values in Rupees.
1930-31	1,672
1931-32	1,643
1932-33	1,522
1933.34	1,265
1934-35	1,118

From the above figures, it will be seen that while the declared values per ton of sandal wood ranged from Rs. 1,118/- to Rs. 1,672/-, the Forest Departments only got Rs. 664/- to Rs. 896/- the balance (less railway freight and handling charges) going into the pockets of the middle men. One remedy would, therefore, appear to be for the Forest Departments to ~~give~~ deal direct with the foreign consumers of Indian sandal wood, so that the profits of the middlemen may be added to their revenue.

CONCLUSIONS

1. The imposition of a heavy tariff duty on the imports of sandal wood into India from Australia and other countries is not likely to yield general beneficial results.

2. The price of sandal wood in India is governed by the price of sandal wood oil in the world markets and a heavy tariff duty on imported sandal wood will not affect it in any way.

3. More attention should be paid to the foreign markets with probably some understanding with Australia.

4. The Forest Departments concerned might consider dealing direct with the foreign consumers of Indian sandal wood. The Timber Adviser in London can negotiate direct sales.

All these questions may be considered in detail at the forthcoming Conference.

Australian trade in sandal wood.

The relative figures regarding the export of sandal wood from Western Australia during the last 10 years are as follows:-

Export of sandalwood from Western Australia during the last ten years from 1925-26 to 1934-35.

	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34.	19334-3
Quantity in tons.	77,707	68,206	48,286	75,816	9,427	16,060	13,859	30,679	25,084	22,229
Value in Pounds.	£ 238,203	199,746	147,426	225,208	22,228	43,790	40,546	88,846	75,424	66,474
					25	27	30	29£	30£	£30
										Rs.400

1935-1913
30-2-
44996
44996
44916.

From the above figures it will be observed that the Australian export of sandalwood suddenly dropped from an average of 67 thousand tons in 1925-29 to 9 thousand tons in 1929-30. But the very next year it rose to 16 thousand tons and during the five years 1931-35 an average export of 21 thousand tons was maintained.

In his letter dated the 18th December 1936, Mr.S.L. Kessell, Conservator of Forests, Western Australia, states as follows:-

"As you are aware, our principal export of sandalwood "is to China, where we have a steady regular market which "is not greatly affected by the vicissitudes of your "sandalwood trade. The position with regard to the "sandalwood oil industry, however, is very different. I "understand that the two principal producing countries are "India and Western Australia. Although we have been able "to maintain our export business in this commodity, prices "are far from satisfactory and the feeling among local "exporting firms is that the trade is in a deplorable "condition, which may be attributed to a large extent to "lack of co-operation between producing interests.

"In Western Australia the whole of supplies of raw "material are obtained from Crown lands and the two "exporting firms are working together, but attempts to "discuss a wider basis of co-operation with distillers in "India have met with no success owing to the large number "of parties concerned.

"The first and essential step towards any improvement "would appear to be the establishment of some organisation "in India which can speak authoritatively on behalf of the "whole of the distillers. I have not had time to consult "with exporting firms in Western Australia with a view to "preparing any concrete proposals, but will write you again "in this connection by a subsequent mail. In the meantime, "I can assure you that Western Australian interests are "prepared to co-operate with a view to stabilising production "and regulating prices. It is not anticipated that any

difficulty will be experienced in arranging for a representative of Western Australian sandalwood distilling interests to proceed to India to attend a meeting with representatives of Indian interests, if, following your conference, you are satisfied that practical results of mutual benefit are likely to follow."

Adulteration of Indian Sandal oil in India.

While attending the British Empire Forestry Conference in South Africa in September 1935, the Inspector General of Forests came to learn of the export to Bombay of so called sandal oil by an Indian firm in Tanganyika which was presumably used for the adulteration of the true Indian sandal oil in this country. The average declared price of Indian sandalwood is Rs.1265 per ton, while that of the African imports is only Rs.156/- per ton. The wholesale price of sandal oil at Bombay is about Rs.15/- per lb. whereas the price in India of the Tanganyika oil including the import duty is only Rs.5/- per lb. Ideal conditions for adulteration exist therefore and adulteration is almost certain to take place on a large scale as soon as the African oil is produced on a commercial scale.

As, however, statistics showing the imports of sandalwood oil into India have not hitherto been available it has not been possible so far to gauge exactly the extent of the trade in foreign sandal oils and in coming to a definite conclusion on the subject of its adulteration with the Indian product. Arrangements have now been made for recording this information and it should be possible to review this question in due course.

With a view to compare the relative values of the so-called African sandal oil, West Australia and Mysore sandal oils, a chemical analysis was made in the laboratories of the Bio-Chemist at the Forest Research Institute. The results obtained are tabulated below:-

Analysis of oils.

	B.P.Specification for sandal wood oil.	Mysore sandal wood oil.	West Australian sandal oil	Tanganyika sandal oil. (distilled at Tanganyika)	African sandal oil from stem billets. (Distilled at Dehra Dun)	African sandal oil from roots. (Distilled at Dehra Dun)
	1.	2.	3.	4.	5	6
Colour.	Pale yellow.	Deep yellow brown.	Light yellow.	Light yellow.	Deep yellow brown.	Light yellow.
Odour.	Aromatic.	Strong persistent characteristic odour.	Strong slightly pungent odour.	Less strong slightly pungent odour.(resembling 5 and 6)	Less strong, slightly pungent (resembling Indian sandal oil)	The same as the oil from billets.
Density.	0.973 - 0.985	0.9778 (at 20°C)	0.9683	0.9574 (at 20°C)	0.9458 (at 25°C)	0.9500 (at 25°C)
Refractive Index.	1.498 - 1.508	1.4985 (at 20°C)	1.4978	1.4996 (at 20°C)	1.4987 (-do-)	1.4990 (-do-)
Angle of rotation.	-13° to -21°	-16.8°	-4.7°	-47.1°	-60.32°	-51.52°
Ester value.		9.33	nil	nil	15.8	13.5
Ester value after acetylation.		201.6	175.5	181.1	216.7	232.8
Calculated total alcohols.	Not less than 90% santalol content.	94.2% santalol content (as $C_{15}H_{24}O$)	81.1% santalol content.	57.6 (as $C_{15}H_{18}O$)	71.2 (as $C_{10}H_{18}O$)	77.6 (as $C_{10}H_{18}O$)

The oil distilled from the stem billets differs to some extent from the oil from the roots, as it shows a higher rotation and lower ester value (after acetylation) that is, it contains a lesser amount of terpene alcohols. Both the oils distilled at Dehra Dun, although of similar nature to the oil distilled at Tanganyika, differ from it in certain respects. These oils contain a certain amount of esters, whereas the African oil did not contain any. Moreover these oils contain a much higher percentage of free alcohols. These differences may be due to the African oil having been distilled from bulk wood containing stems, branches and roots.

Comparing the oils from the so-called African sandal-wood with the Indian sandal oil, it can now be definitely said that these oils are altogether different from true sandal oil. The low density of these oils and higher ester values (after acetylation) clearly show that the free alcohols consist mostly of terpene alcohols of lower molecular weight and not all santalol (the chief constituent of sandal oil) type sesquiterpene alcohol. Hence the percentages of alcohols have now been calculated from the ester values (after acetylation) on the basis of terpene alcohols. The similarity in smell indicates the presence of some sesquiterpene alcohol of the santalol type but the amount of it present must be very small.

Sd. T.P. Ghose,
Officer in Charge,
Current duties of the Bio-Chemist
7-11-36.

Note

It is for consideration whether any steps should be taken in India to deal with this import of Agrican oil either by an increase in the tariff or by a definite customs valuation per pound based on Indian declared values.

Sd. C.G.T. (Revor)

Cablegram. Issued on 23.12.1935.

-MYSOF-

Rand L O N D O N.

Conference of Madras Coorg Mysore Officers meets at Bangalore Eleventh January to discuss policy sandal wood disposal and agreement between themselves and possibility with Australia stop communication by Air mail, your suggestions

- Devsec-

Tel. Address:—"Sandal Bangalore"

SANDALWOOD OIL FACTORY,

Strictly Confidential

Bangalore, 2nd January *1937.*

No.

FROM S. G. Sastry, Esq., B.A., M.Sc., F.C.S.
~~SXAXBDXXXWXXXDXXESQXXB.A.,~~

DIRECTOR, SANDALWOOD OIL FACTORY IN MYSORE,

BANGALORE.

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

Sir,

Meeting with representatives of Madras and Coorg Governments on the 11th and 12th January 1937.

I have the honor to submit herewith a note prepared by me on the above subject. So far as I have been able to guage the situation, the real competitors of the Mysore Interests are, not the - Distillers of oil in Kuppam, Bombay and Kanauj, but the Madras and Coorg Governments who sell the wood for distillation purposes. At the present juncture anything that is likely to hamper the freedom of action ~~to~~ of the Government of Mysore in its Sandalwood Oil policy is detrimental to Mysore interests. I am of opinion that the Mysore Government should continue its present policy unfettered by any - other associations. I have clearly analysed the situation in the accompanying note which is submitted herewith for the consideration of Government and for further instructions in the matter.

I have the honor to be,
Sir,
Your most obedient servant,

Director.

SGS-USC)

Mr. Gibson's Note - Before and after.

On the 26th of April 1929 the Director of Sandalwood Oil Factory in Mysore, Bangalore, received from Messrs. Plaimars Ltd., the distillers of West Australian Sandalwood Oil, a cable enquiring whether he considered the then general situation of sandalwood oil industry justified a Conference of combined interests stating that the Directors of the Australian interests would be prepared to travel immediately to Bangalore to explore the avenues of co-operation. The Director, in reply, enquired what purpose the intended Conference would serve and how it would the mutual interests of both the producers. The question was not pursued further except that a recommendation was made to Government by the Director to depute an Officer of the Forest Department to Australia to invetigate the West Australian sandalwood resources. The cable was then a matter of some speculation in Mysore and probably would have - - received a better consideration if the West Australians had chosen a better opportunity. It was just the time when the demand for Mysore oil had so out-grown in the European market, that the timely supplies had become a problem. This situation was directly created by the aggresive sales policy adopted by the Factory. A glance at the sales statistics will show that a record had been created in that year. Obviously this had a disastrous effect upon the West Australian sandalwood trade and we had successfully foiled their attempts at recognition in the British Pharmacopea.

On a reference to the Administration report of the Forest Department of West Australia, this period

eriod somewhat coincides with the abrupt fall of exports 7
andalwood from West Australia. From £ 225,208 in the
ear 1928-29, the value of exports of sandalwood fell
o £22,228 in the succeeding year 1929-30. From the
fficial reports for the period ended 30th June 1930,
it is gathered that the accumulated stocks had been in
the neighbourhood of 7,000 tons. This justified the
inference drawn in the previous paragraph. This situ-
ation did not improve and the opportunity of Mr.Gepp's
visit to the Far East was availed of and he was direct-
ed to investigate the market for West Australian sandal
-wood in China. Upon his recommendation, an agreement
between the Governments of West and South Australia
and the Sandalwood Companies holding stocks was signed
on 21st July 1932 and immediately put into operation.
This did not appreciably improve the situation as the
following values of exports of sandalwood from West
Australia before and after indicate:-

1923-24	£ 348,713
1928-29	225,208
1929-30	22,228
1930-31	43,790
1931-32	40,546
1932-33	88,846
1933-34(nine months)	56,719

While the exports of sandalwood from West
ustralia was not encouraging the position of the dis-
illers of sandalwood was in no way better as could
e seen from the extracts of official report for the
eriod ended 30th June 1930 on sandalwood oil, a copy
f which is appended to this note. They seem to have
any technical problems associated with the oil and
s manufacture had not been thoroughly understood.
he position did not seem to improve as the extract of
e report for the period ended 30th June 1933 indi-
ted that the quantity of sandalwood purchased for
l distillation within the State amounted to only
4 tons as compared with 815 tons for the previous

"Sales of sandalwood oil have fallen off as a
t of the general trade depression and with

with the accumulation of large stocks, distillers have found it necessary to temporarily close down their works" states the report.

On 14th September 1933, the Trade Commissioner for Mysore in London sent to the Director of Sandalwood Oil Factory, copy of a note which Mr. Gibson of India House wrote ~~xx~~ on Australian sandalwood and Oil and the possible competition with the East Indian wood and Oil and requested the Director for his opinion in the matter. From the copies of correspondence in the file, it is seen that the Indian Trade Commissioner in London addressed the Director General of Commercial Intelligence on 10th March 1933 enclosing a copy of Mr. Gibson's note. Upon this note, the Director General of Commercial Intelligence referred the matter to the Government of India on 21st November 1933 with his opinion in the matter.

Mr. C. Ranganatha Rao Saheb, after his return from his tour in the Far East, pressed the Director for a common understanding with Madras and Coorg and vigorously worked with Mr. Gibson so as to bring about a common understanding between Mysore, Madras and Coorg and the following is the extract of the Trade Commissioner's air-mail letter dated 29th June 1934 to the Director of Sandalwood Oil Factory.

> " I have arranged to meet Mr. Gibson who wrote ~~worte~~ the note in which the Director General of Commercial Intelligence suggested the co-operation of India and Australia. If Mr. Gibson could help us to bring about co-operation of the Indian producers, it would be very valuable to Mysore."

Further, in his letter dated 13th July 1934, the Mysore Trade Commissioner reported thus:-

> " I have had an interview with Mr. Gibson of India House. He promised to put up a

a further note recommending the combination of producers of sandalwood in India, if he could be satisfied that adulteration was going on in the East Indian oil distilled from Indian wood imported into this country. He will con-sult Mr. Parry and Mr. Parry is fully aware of the present facts, so that, I hope Mr. Gibson will soon send a note to the Director General of Commercial Intelligence."

It is significant that Mr. Gibson's note should emerge just at a time when the position of producers and distillers of West Australian sandalwood was anything but satisfactory.

In my opinion, the eagerness of Mr. Ranga-nathaRao for the combination of all the three producers of wood, as the above quotations indi-cate, must have induced Mr. Gibson to write the note. But he did not suggest in it any under-standing between the producers of Indian distil lers but instead attempted to put forward the case for co-operation with the West Australians. What is it that Mr. Gibson attempts to make out? What are the benefits conferred by the single unit control? Mr. Gobson seems to fear that "the danger lies in Australia extending the policy of sending her sandalwood to India to be distilled for its oil, for, with heavy stocks in hand, the temptation to "Unload" and recover capital and loans invested on these stocks must be very great". This danger is more/than apparent real. The statistics of Import of sandalwood into India appended to this report indicate a gradual fall in the imports of West Australian wood than a rise since 1932. When she could not distil and sell it in the form of oil more than 664 tons (year ending June 30, 1933), it is idle to think that she could dump it into India for distillation and if there was any such possibility, Mr. Gepp would not have failed to visit India and recommend it

it as a good market to supplement the Chinese market. Indeed "the remdey at hand for the Indian administrations concerned appears to be to approach the Australian authorities to participate in their agreement" remarks Mr. Gibson.

Upon receipt of Mr. Gibson's note with the opinion of the Director General of Commercial Intelligence in Calcutta, the Government of India elicited the opinion of the Mysore Government. Mysore Government put forward that a common under-standing between the producers of East Indian sandalwood, viz, Mysore, Madras and Coorg, is a pre-requisite for any Conference with the West Australian. The Madras Government in their letter dated 15th November 1934 stated to the Government of India, that the proposed Conference between Mysor Madras and Coorg would not lead to anything, unless Mysore was willing to the following:-

(1) to accept a minimum annual supply of Madras and Coorg sandalwood;

(2) to allow Madras and Coorg a free hand in the disposal of the balance of sandalwood subject to an average upset price to be fixed in consultation with each other, and

(3) to permit a selected Officer from Madras or Coorg to inspect the process of manufacture.

Similarly the Chief Commissioner of Coorg opined that a Conference on general lines is unlikely to lead to any good result and might even accentuate points of difference and the only satis-factory method of co-operation would be the fixing of quota for each producer of sandalwood, beyond which, none of them would extract, sell or distil in any one year combined with a settlement of a minimum price for sale of the product. The Director of Sandalwood Oil Factory in his letter dated

dated 29th April 1935 submitted to his Government his views upon the opinions expressed by the two Governments of Madras and Coorg and was definitely against the conditions laid down by the Madras Government and thought no useful purpose could be served by a Conference with Madras but it might be pursued with the Coorg Government.

In reply to a letter from the Secretary to the Hon'ble the Resident in Mysore, suggesting the holding of an informal discussion in the presence of the Inspector General of Forests who had agreed to carry out an inspection of the Coorg Forests immediately after Christmas, the Government of Mysore agreed to depute their Chief Conservatorof Forests to take part in a discussion at Bangalore. The Inspector-General of Forests in his letter dated 17th November 1936 to the Secretary to Government, Development Department, Bangalore, advised that he proposes to convene a meeting on the 11th and 12th January 1937, presided over by himself to consider the matters of mutual interest in the trade in Indian sandalwood and the possibility of entering into an amicable arrangement with Australia, as the Governments of Bombay, Mysore, Madras and Coorg have conveyed their willingness to meet at a Conference.

Before proceeding to express my views upon the issues proposed to be brought up at the Conference, I may be permitted to draw attention to the unsuccessful attempts made by the Director to arrive at some common understanding with Madras and Coorg during 1932. Madras refused to give any opportunity for discussion formal or informal.

An attempt was then made to sound the Coorg. Government and the Hon'ble the British Resident in Mysore was moved in the matter. Three alternatives for co-operation were suggested to him and they are as under:-

(1) Each Province might manufacture its own oil and only combine to have a common organisation for sale, the cost of which might be shared rateably;

(2) The Madras and Coorg Governments might get their wood distilled for a fixed fee per ton in the Mysore Government Sandalwood Oil Factory. This would obviate the need for initial expenses and secure the advantages of large scale operation in a well organised factory, and

(3) Madras and Coorg might enter into a business combination with Mysore whereunder their sandalwood is delivered to Mysore on a profitable sharing basis.

The Chief Commissioner of Coorg replied that the Coorg Government had their attention forcibly drawn 'to the prudence of not being at the mercy of any one market'. He further states "our position as a Province of Government of India" and above all our financial position precludes us from entering into any kind of arrangement of a profit sharing kind, or indeed any arrangement that does not give us, as at present, cash on delivery of our wood". He also says in the same letter "we have a commodity to sell. We want the best price we can get for it. We cannot, therefore, afford to permit patriotic considerations to over-ride financial ones and it is perfectly immaterial to us whether our sandal is sold in India, Europeor America so long as we get what we consider a fair price". The Director of Sandal-wood Oil Factory thereupon wrote on 2nd May 1932 to Government that owing to the attitude

attitude taken up by the Coorg Government we had to follow a free competitive policy and recommended the following:-

(1) Closely watching the prices at which sandalwood oil of about the same quality as ours is offered in the various markets and reducing our prices to a little below that level.

(2) Carrying on an aggressive policy of propaganda and advertisement and trying to win over agents and customers of competing products.

(3) Keeping severely aloof from the sandal wood sales of Madras and Coorg.

We have more or less followed the above policy since then.

The position of Mysore in the sandalwood oil trade is somewhat unique. It should be remembered that sandalwood in Mysore is the monopoly of the State and the Forests abound with sandalwood. The resources are almost unlimited. During the prewar period the annual disposal of Mysore wood by auction was anywhere between 2,200 - 2,300 tons of wood. Since the commencement of the distillation and giving up of sales of wood by auction, Mysore had put on the market in the form of oil only two-thirds of its full production capacity and realised annually higher revenue than before. This lead to the under-exploitation of the Mysore Forests. This policy benefitted Madras and Coorg more than it did Mysore. Not only did they realise a higher price per ton of wood in their auctions, but also they put on the market increased quantities of sandal-wood by over-exploiting their forests. The enclosed statement is fairly indicative. While the Coorg and Madras Governments have actually begun to collect the felled wood according to

to the reports received by the Chief Conservator of Forests in Mysore, Mysore according to him, have large unexploited areas. By the simple removing of spiked-wood from one or two ranges, only in Bangalore, he has been able to maintain a supply of 800 tons a year. He thinks that only by removing spike-wood, he would be able to supply our requirements for another 8 - 10 years.

For the last 20 years, we have been operating upon the International Markets so freely that we have shaped our sales according to the needs of the occasion with little or no difficulty. Our far flung interests in this business renders an absolute freedom of action necessary to us. It is to safeguard these interests that Government decided upon reducing the prices of our oil to a limit of sh.1/6d. per pound above the price of West Australian oil. By this aggressive policy of sales, we are able to not only meet the more intense competition than the competition of Madras and Coorg, viz, of West Australia, but also to increasingly dispose of the supplies of sandalwood from Mysore Forests. The success obtained as shown in the following statement points to the wisdom of this policy.

1931-32	116,869 lbs.
1932-33	113,713 "
1933-34	154,997 "
1934-35	171,276 "
1935-36	172,000 "

Just at a time when our policy described above is bearing fruit, proposals for a Conference of all the producers of wood in India are put forward. In the above paras, I have explained the respective positions of West Australia, Madras and Coorg in the sandalwood Oil trade and

and from the trend of Mr. Gibson's note and re-
plies sent by the two Governments of Madras and
Coorg to the Government of India, they are try
-ing to make virtue out of necessity thereby hop
-ing to bind down the Mysore Government in res-
pect of their supplies of wood. West Australians
were all alone making desparate attempts at recong
-nition by the British Pharmacopea and upon its
success they pinned their faith. When this success
was doubtful, they directed their efforts in
France. Through the influence of Professor
Emil Perrot, the Director of the National Insti-
tute of Pharmaceutical Drugs, who actually made
a press campaign in its favour, they succeeded
in its inclusion in the French Codex. This
had not the desired effect upon their trade,
either in France or outside. Thinking that dis-
cretion was the better part of valour they sought
an alliance with Mysore in April 1929. When no
encouragement was forthcoming, they directed their
attention and tried their luck with the B.P. autho
-rities. Press campaign started and their oil was
recognised and rightly under a different name
because the botanical name of this Australian sandal
-wood is entirely different from East Indian. The
controversy is still going on and there is no agree-
ment on this issue even between West and South
Australia in respect of their own produce. This
is an important matter that we cannot overlook when
an alliance with them is suggested to us. It is
true this is a source of competition to us but a
discriminating buyer always prefers Mysore. In
these circumstances an alliance will bring down
the reputation of our oil and the consequent loss
of business and revenue to us will be much more
than the loss through competition. Its inclusion

inclusion in the B.P. should not scare us just as the inclusion of other essential oils did not. I am, therefore, against any alliance with the West Australian. Buyers make a clear distinction between the two oils and are always prepared to pay for quality. This premium has been assessed at 1 Sh.6d per pound and upon this the regulation of our prices in the European and American markets has been successfully made.

Mysore sandalwood oil has been in the International market for well nigh 20 years and it has built up a reputation for quality. The goodwill thus built up cannot, on any account, be either exchanged or bartered or even shared. Hence any co-operation with the distillers of West Australian shandalwood oil is unthinkable.

A co-operation between the Indian producers of sandalwood has been suggested. The Madras Government had suggested certain proposals as a pre-requisite to any Conference while the Coorg Government seem to favour the fixing of a quota for the disposal of sandalwood or oil and a limit in respect of prices. The proposal of the Madras Government cannot be started as a basis for any discussion and a quota system is unthinkable as long as there is no common basis of disposal of produce of the respective Governments - Madras Coorg and Mysore. As explained in previous paragraphs, the capacity of the Mysore Forests is almost inexhaustable while Madras and Coorg are simply over-exploiting their forests. In a situation of this kind, the Mysore Government is certainly in a more favourable position and a quota system, if introduced, is bound to damage the interests of Mysore, for, it is just coming

coming out from a long struggle successfully carried out by the policy of reduction in price, and maintaining reputation for the quality of her products. It is entirely due to the forebearance of Mysore in the past that Madras and Coorg realised higher prices than they really deserved and were able to dispose of a higher quantity than the prewar period. Thus, fixing a quota system would not only limit the activities of Mysore in the International markets but also put a restraint upon the capacities of the forests, where the ravage of the spike disease is a constand danger. In these circumstances, Mysore has no alternative but to dispose of all the wood her forests are capable of putting in the market realising the best possible prices. It is this freedom of action that will largely enable the Government of Mysore to realise as steady revenue from sandal. Putting a limit upon the price is again dangerous, for, by so doing the rival Indian distillers of Madras and Coorg would become favourably placed. Their cost of distillation is very much lower than ours, while they have not much reputation to lose. With this handicap, the distillers of Madras and Coorg would easily and successfully compete with Mysore oil and damage our interests. Again, the fixing of a limit would give a sort of protection to the distillers of Madras and Coorg woods and this protection may help the West Australian wood a free passage into the market. For these reasons, I am definitely against any sort of understanding with the Madras and Coorg Governments, limiting our activities. It is in the interests of Mysore, in the face of a situation of the kind created by the competition of West Australian sandalwood oil

oil and oil from the Madras and Coorg wood to have a free hand in the International markets so as to enable them to so shape their policy as to bring about the maximum sale of sandalwood in the form of oil realising best possible prices.

NOTES ON THE PROPOSED QUOTA SYSTEM.

The main idea common to all the three Governments is that they should have a steady revenue and this revenue should be as high as possible. But while trying to achieve this desirable result conflicts of interests occur when one try to work out the details. It has been suggested that we should explore the possibilities of the quota system. The quantities to be exploited by different Govts. will have to be fixed. While fixing this we shall have to remmember that it is the opinion of the experts that the Coorg and Madras Governments are over-exploiting their sandal resources while Mysore is under-exploiting the resources. It cannot be gainsaid that the safest thing for Madras and Coorg Governments to do would be to limit the exploitation to the extent of growth and regeneration of the existing sandal trees. If they do not do this, they will simply be exhausting their own resources even though they may temporarily get a higher revenue. The essence of any quota arrangement will be to fix the quantity to be put forward by each Government and also the prices at which the wood should be auctioned by Madras and Coorg Governments. The fixing of the prices presupposes that the Mysore Government will keep the prices of the oil at such a figure that bidders will come to the auction and easily take over the quantity auctioned every ye There are two problems to be solved in this con-

connection. When once the price of wood is fixed below which Madras and Coorg Governments will not sell what is to be done if bidders will not buy the wood at the auctions? The reply for this will be that if the price of the oil in the market is kept by Mysore Government proportionately high but at the same time leaving a margin for Indian distillers, there will be no difficulty to sell the wood. If the prices of oil are fixed high in order to secure a good revenue to Madras and Coorg Governments and also in order to remove the apprehension of rival distillers in India, then these prices can only apply to India. In other words, the Government of Mysore will be at liberty to vary their prices outside India wit a view to meet Australian competition. Otherwise, if they are tied down to the high price in Overseas market also the consequence will be the Australian distillers will have an opportunity to under-quote Eastern Indian sandal wood oil in all the world markets to cut out Indian oil. Then the situation will become serious. It is also possible that if the price is maintained very high in India, West Australian oil may enter even the Indian markets inspite of the existing duty. The quantity to be offered by Madras and Coorg Governments should be fixed in such a manner that all the wood offered should be readily taken up by the buyers and such proportion of this wood as get distilled to find a ready sale in the form of oil. If we follow this policy the sales of Mysore oil in India will get very much restricted. Suppose we place the existing demand for Indian sandaloil at 60,000 pounds a year, then

then this will require 600 tons of wood. If Madras and Coorg Governments should put on the market all the wood required for this distillation, our rival distillers will have an entire monopoly of the Indian market. Since the Govern-ment of Mysore also should have their share of the Indian market, it is necessary, after estimating the probable requirements of other distil-lers in India for their own distillation the Madras and Coorg Governments should consent to supply only a portion of this demand. To make the position clear, a provisional example is taken. Suppose there is a demand for 200 tons of wood in India to be sold for ceremonial and other religious purposes and suppose there is a demand for 60,00 pounds of oil. Then on both of these accounts, there will be a necessity to have 800 tons of wood placed on the market. If all these 800 tons are sold by Madras and Coorg Governments there will be no chance of Mysore selling any oil in India at all because every distiller will have enough wood to distil oil from to meet the entire Indian demand. Therefore there must be a certain amount of rationing the wood. Suppose in a situation like this, Madras and Coorg Governments placed on the market 650 tons of wood in the ratio of 450 and 200 tons and if out of 650 tons, 200 tons would be sold as wood the distillers in India would produce 45000 pounds of oil. The balance of 15,000 pounds of oi will be placed by Mysore on the market. The above figures are for the sake of example only. Whatever may be the system of co-operation we adopt, it ultimately and indirectly means the granting of a secured and protected position to Indian distiller

distillers in Kuppam, Bombay and Kanuj because they will have to buy Madras and Coorg wood and they will have to distil oil and they should be able to have a margin of profit to make it worth their while to continue to manufacture oil. It is not possible to expect these distillers to stop their distillation when there is wood tombe sold.

The ideal method would be to have a quota fixed between the three Governments and all the oil distilled by the respective Governments or at one central place like Mysore and then the revenue divided according to plan. I do not suppose this will be agreed to because the other rival distillers will begin to agitate to preserve their own factories and continue to manufacture.

The fixing of the prices when the quota has been agreed upon between the various kinds of woods grown in Coorg and Madras presents a ticklish problem and bristles with difficulties.

Bangalore,
2nd January 1937.

Director,
Sandalwood Oil Factory.

Extract from the report on the operations of the
Forest Department of Western Australia
for the year ended 30th June 1933.

Sandalwood for Oil Distillation.

The quantity of Sandalwood purchased for oil distillation within the State amounted to only 664 tons, as compared with 815 tons for the previous year. Sales of Sandalwood oil have fallen off as a result of the general trade depression, and with the accumulation of large stocks, distillers have found it necessary to temporerily close down their works.

The raw material supplied for oil distillation during the year, included 246 tons of roots and butts obtained from the sandalwood logs pulled for export, 231 tons of old roots and stumps left in the ground after previous pulling operations, and 187 tons of Sandalwood logs obtained from that portion of the State north of the 26th parallel of South latitude, where the sandalwood has been reserved for oil -- distillation purposes.

2.1.34

Extract from the report on the operations of the Forest Department of Western Australia, for the year ended 30th June 1930.

X X X

Sandalwood Oil.

As indicated elsewhere in the report, the extraction and export of Sandalwood Oil has developed into an important industry. Although a satisfactory commercial process has been evolved, there are many technical problems associated with the oil and its manufacture not thoroughly understood. Whether research work can improve the efficiency of manufacturing methods remains to be seen. Professor N.T.M.Wilsmore of the Department of Chemistry, University of Western Australia, has taken a great interest in these questions and has given considerable assistance.

With a view to advancing certain lines of inquiry already opened up, arrangements have been made for two chemists attached to the Forest Products Division, C.S. I.R., to devote full time to this work.

Visits from Mr.I.H.Boas, M.Sc., Chief of the Forests Products Division, C.S.I.R., have been very helpful in maintaining contact between the problems of the Department and associated industries and the work of his Division.

Professor, J.A. Prescott of the Waite Institute, who is also Chief of the Division of Soil Research, C.S.I.R., visited the State during April and May 1930, and spent some time in forest Districts. His observations proved most helpful, and arrangements have since been made to attach a young professional officer to the Waite Institute for six months' training in both -- Laboratory work in connection with soil analysis and soil classification work in the field.

Enclosure to note dated 1-1-37.

(Sandal Conference)

	Average quantity of Sandalwood sold per annum.		Average revenue per annum realised.		Average rate per ton of Sandal-wood realised.		Remarks.
	Mysore.	Madras & Coorg.	Mysore.	Madras & Coorg.	Mysore.	Madras & Coorg.	
	Tons.		Rs		Rs		
1906-1914 (predistillation period)	2,304	469	14,34,300/-	2,81,357/-	623/-	600/-	
1916-1931	1,482	832	21,39,621/-	11,40,885	1,444/-	1,371/-	
1931-1936	1,362	765	13,95,236/-	5,96,584/-	1,024/-	780/-	
1935-9966	1,570	782	12,08,775/-	5,54,325/-	770/-	709/-	

Exports of Sandalwood from India:

Name of country.	1935-36.	1934-35.	1933-34.	1932-33.	1931-32.	1930-31.	1929-30.	1928-29.	1927-28.
United Kingdom.	28	28	279	29	109	55	24	29	31
Germany:	..	..	...	..	...	..	58	40	60
Hongkong:	39	6	10	14	11	3	9	37	56
Japan:	103	114	118	35	63	..	6	31	2
United States:	119	114	12	11	175	55	105	10	160
Other countries:	132	141	154	148	129	112	142	201	148
Total Tons:--	421	403	573	237	517	225	344	348	457
MYSORE:	600	200	450	100	344	350	633	600	400
Total-Tons:	1.021	603	1,023	337	861	575	977	948	857

Imports of Sandalwood into India:

Straits Settlements:	..	23	105	76	142	88	..	89	269
Australia:	...	65	163	139	210	57	..	306	215
Other countries ..		164	142	82	43	256	..	156	159
Total Tons:-	189	252.	410	297	395	401	502	551	633

F. D. Mysore, 31.12.36.

atk-6).

D. O. No. 70/36/encl 2.

Mr. M. MACHAYA, B.A. (Oxon.),
CHIEF CONSERVATOR.

CHIEF CONSERVATOR OF FORESTS
IN MYSORE.

Bangalore,.....2nd..January.....1937.

2/1/37

Dear Mr. Venkatanaranappa,

As desired by you I am enclosing herewith a couple of statements showing the quantity etc of sandalwood supplied by the Mysore Government and sold by the Madras and Coorg Governments from 1906-1907 to 1935-36.

Yours sincerely,

M. Machaya

M.Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

Statement showing the sandalwood sold by the Coorg Forest Department and the average rates realised:-

Year	Quantity sold Tons	Average rate per ton
1925-26	275-10-0-0	1,131/- 940/-
1926-27	260- 0-0-0	1,122/-
1927-28	206- 0-0-0	1,385/-
1928-29	Not available	
1929-30	250- 0-0-0	1,356/-
1930-31	162-10-0-0	967/-
1931-32	340- 0-0-0	1,050/-
	(Auction sale 280tons	1,029/-
	(Private sale 60 tons	1,150/-
1932-33	199-15-0-0	897/-
	(Auction sale 126½ tons	833/-
	(Private sale 71½ tons	973/-
	(Sold in London 2 tons	1,860/-
1933-34	321- 5-0-0	902/-
	Auction sale 158-10-0	879/-
	(Private sale 75-40-0	954/-
	(Tender sale 48-15-0	687/-
	(Sold in England 38-10-0	1,306/-
1934-35	Auction sale 196-1-0	808/-
	Tender sale 23-10-0	

M. Marches

1924-1925	1,619	18,81,985	1,162	381	5,21,448	1,369	700	8,84,833	1,264	14,06,281
1925-1926	1,837	23,22,053	1,264	271	3,06,828	1,132	641	7,52,227	1,174	10,59,055
1926-27	1,800	21,86,471	1,414	193	2,44,036	1,266	726	9,31,710	1,283	11,75,746
1927-1928	2,055	24,78,127	1,211	148	2,35,685	1,589	681	9,30,115	1,362	11,65,800
1928-1929	2,361	29,46,256	1,249	137	2,25,502	1,646	562	8,41,178	1,318	10,66,680
1929-1930	1,867	26,07,710	1,400	250	3,38,904	1,356	662	9,34,271	1,411	12,73,175
1930-1931	1,481	21,17,486	1,432	164	1,57,666	961	534	4,36,510	817	5,94,176
1931-1932	1,072	15,44,840	1,419	280	2,88,377	1,026	600	3,60,000	600	6,48,377
1932-1933	1,090	11,57,917	1,090	128	1,04,833	820	594	5,45,565	918	6,50,398
1933-1934	1,394	11,57,497	843/-	321		902	511		896	
1934-1935	1,567	11,84,904	756	153	1,23,162	805	589	4,12,484	700	5,35,646

C11/31-12-36.

CHIEF CONSERVATOR OF FORESTS.

Sandalwood sold by Mysore State and Madras and Coorg Administrations and the Amounts realised since 1906-1907.

Year.	Mysore State			Coorg			Madras Presidency.			
	Quantity.	Amount realised.	Rate per ton.	Quantity	Amount realised.	Rate Per ton.	Quantity.	Amount realised.	Rate per ton.	
	Tons.	Rs	Rs	Tons.	Rs	Rs	Tons	Rs	Rs	
1906-1907	2,382	12,84,985	539							
1907-1908	2,489	13,70,257	551							
1908-1909	2,114	10,52,565	498							
1909-1910	2,050	8,36,438	408							
1910-1911	2,469	11,46,321	464	181	82,728	457	306	1,26,160	412	13,55,209
1911-1912	2,363	12,59,301	534	181	99,347	552	290	1,43,043	490	15,02,191
1912-1913	2,418	22,67,658	937	185	1,14,993	621	485	2,71,870	560	26,54,521
1913-1914	2,147	22,58,843	1,051	164	1,61,930	987	171	1,52,375	890	25,71,148
1914-1915	334	3,06,978	980	32	24,143	754	258	1,76,162	683	5,07,281
1915-1916	2,010	16,99,657	842	380	3,44,303	906	303	2,47,256	816	28,91,216
1916-1917	1,347 280	23,09,451 7,65,342	1,714 2,733	226	3,55,358	1,571	404	4,88,165	1,203	31,52,688
1917-1918	924	21,61,914	2,339	300	5,28,991	1,763	295	5,23,697	1,778	10,52,688
1918-1919	812	20,36,856	2,508	230	3,44,375	1499	440	5,75,000	1,300	9,19,375
1919-1920	1,403	26,32,910	1,877	350	5,27,670	1,507	507	7,25,916	1,432	12,53,586
1920-21	492	11,83,568	2,404	249	4,66,291	1,874	419	6,67,709	1,594	11,34,000
1921-1922	1,173	15,42,028	1,315	300	4,57,129	1,522	522	6,04,949	1,159	10,62,078
1922-1923	1,401	18,71,801	1,336	400	5,60,539	1,424	475	5,63,130	1,185	11,32,667

D. O. No. 71/36.

Mr. M. MACHAYA, B.A. (Oxon.),
CHIEF CONSERVATOR.

CHIEF CONSERVATOR OF FORESTS
IN MYSORE.

Bangalore, January 4th 193 7.

Dear Mr. Venkatanaranappa,

In continuation of my D.O. letter No. 70 of 2 nd instant, I am sending in advance a copy of my note on sandalwood, for your information.

Yours sincerely,
M. Machaya

M.Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department,
Bangalore.

NOTE ON SANDALWOOD

Statement A gives the sandalwood sold in auction sales or supplied to the Sandal Oil Factory by the Forest Department from 1906 to date. The quantity sold by Coorg and Madras from 1910 onwards is also entered. It will be seen therefrom as well as from the appended statements A1 and A2 wherein the average quantities of sandalwood disposed of by the three administrations and average annual revenue during particular periods are compared. These statements reveal that while Coorg and Madras have put on the market from 1910 to 1914 an average quantity of 177 and 313 tons respectively per year, we have sold on an average from 1906 to 1914 for eight successive years, 2,304 tons annually. If these figures were to be assumed as the normal yield of wood from our forests 82% of the East Indian wood came from Mysore and that Madras and Coorg made up the balance of 18%. With the declaration of war in August 1914 auction sales of wood in 1915 proved abortive owing to the disturbed economic conditions of the world and in order to meet the limited demand in India for religious and ceremonial purposes only 725 tons were disposed of by Mysore at an average rate of Rs.922/- per ton. In 1915-16 the merchants trading with Europe having by then been in a position to gauge the situation arising out of the war offered to purchase from Mysore fairly large quantities and 1808 tons were sold realising an average of Rs.642/- per ton for all classes. In May 1916 sandalwood oil distillery was started in Bangalore when 485 tons were supplied to the Factory and 1,347 tons of wood were sold to the merchants. The expansion of the Factory in Bangalore and the starting of the Mysore Factory made it possible during 1917-18 to abandon the sale of wood and to derive the revenue entirely from sale of oil. The net proceeds from the sale of oil during 17-18 amounted to over 24 lacs. This was de-rived from the sale of oil obtained for 924 tons of wood and the average rate per ton came to Rs.2,624/-. During the war period it was feared that our sandalwood revenue would be lost and the Government would be faced with a very serious situation with the loss of Rs.20 lacs per year. The installation of sandal oil

distillery completely altered the situation. As a result of the phenomenal success of the sandalwood distillation in Mysore, the sandalwood trade was materially improved. When the State discontinued selling sandalwood, the quantity of wood that was available for traders and outside distillers became considerably less and a correspondingly high price limit for sandalwood prevailed. This made the Madras and Coorg Administrations to put on the market considerable quantities. Thus both these Administrations participated in the benefits arising from the action of Mysore State. While the total quantity sold by Madras and Coorg during pre-war was 18% of the total out-put of East Indian Wood, it went up to 29% during the post-war period and was maintained at 35% later on vide statement A2. For instance in 1919 the quantity sold by Madras and Coorg was 857 tons while that of the Sandal Oil Factory that year was 1,403 tons. This was the beginning of the policy of dumping of very large quantities of wood followed by the two Administrations. While the Government of Mysore exercised throughout a conservative policy, the two other producers put on the market increasingly large quantities to swell their annual revenues. The average revenue of both Madras and Coorg which during the pre-war period remained at an average of 2.87 lacs, went up during 1917- to 25 to an average of 11.44 lacs or over 4 times while during the same periods the revenue of Mysore from this source rose from 16.80 lacs to 19.09 lacs (vide statement A1). The annual yield of sandalwood from the forests of Mysore may be assumed at 2,200 tons (vide statement B) but at no time (except during 28-29) has the consumption at the Sandal Oil Factory reached this figure. It is only during the two years 27-28 and 28-29 the oil production has gone over 2,000 tons of wood. In fact the average supplies from 1919 to date may be put at 1,500 tons. It will be seen therefrom that the control of oil sales was due to commercial consideration and not due to want of raw material. Thus if the surplus of 700 tons of wood was put on the market annually by Mysore, the benefits secured by Madras and Coorg would not have

have been so large and perhaps on the other hand would have seriously affected their revenues. The attitude of the Government of Mysore was on the other hand to support the auction sales of wood of Madras and Coorg in order to maintain a high level of prices in order to safe-guard the industry. This situation was unfortunately taken advantage of by them to flood the market with more than double their original pre-war output. The two governments instead of cooperating with our efforts though interests were identical, increased their output without any thought of the industry. They were not prepared to over-ride commercial against financial considerations. The evil effects of this policy are now amply demonstrated and attainment of a stable standard of revenue has been frustrated. Over-exploitation of sandalwood in order to swell the revenue became the aim of the others and commercial expediency was ignored. This may be clearly made out from the following comments made in the Forest Administration Reports of the Madras Presidency for 28-29:-

> " The year's output though smaller than that of the previous year by 47 tons, is yet far in excess of the ordinary possibility of the forests. This as was explained last year is due to the necessity of extracting trees killed by spike disease. Investigations relating to this obscure disease are being undertaken by the Institute of Science at Bangalore and North Salem Division. Since the disease kills young and old trees indiscriminately much of the sandalwood revenue comes inevitably from trees which normally would be too young and smallex to exploit. This unfortunate but inevitable extraction of immature trees must in the course of time result in a serious depletion of stock with a corresponding fall in the revenue from sandalwood. Fortunately sandalwood regenerates itself readily from seed and nature is everywhere displaying a firm determination to spread the species while the department is fully alive to the necessity of supplementing nature's efforts by artificial means."

The sale of Australian sandalwood and oil in China and Europe respectively introduced another factor in the disorganisation of an indigenous industry. Recognition of this oil for medicinal purposes in England, France and Japan and the competitive rate at which it could be sold, have contributed materially to lower the rates. The roll of competition forced on us has made it necessary to reduce

reduce our rates for oil in order to consolidate our position in the world market. This has incidentally affected the sandalwood trade where the rates are steadily going down since 31-32

We have large tracts of valuable sandalwood in the three malnad districts of Shimoga, Kadur and Hassan (except Arkalgud taluk which has spike disease) unaffected by spike so far. Our resources are vast and our reserves as a result of collection of 1,500 tons against an annual yield of 2,200 tons are accumulating. Due to special measures undertaken since 28-29 for the extraction of spiked sandalwood, very nearly 5,000 tons were collected in Bangalore Koti mainly from Kankanhalli taluk - vide statement C. This large output in Bangalore necessitated curtailment of exploitation in other tracts during the last 7 years. Therefore the situation in Mysore with regard to stocks is very satisfactory. Further as stated already spike has not made its appearance in the three malnad districts but this cannot be said of both Madras and Coorg where the disease is rampant and stocks are rapidly depleted. As regards the disposal of the East Indian Sandalwood and oil in the world markets, differences have arisen in the past between the three administrations but it is recognised that they have to be composed early and definite understandings arrived at. But the manner in which any understanding can be put into practice has to be determined. A quota system on the basis of the present scale of disposal of wood will be unfavourable to Mysore for reasons given already. A common sales policy on the lines in operation between West and South Australia may be difficult to operate when oil is directly produced and sold by one and sandalwood is put in the market by the others. Manufacture of oil in one central place will offer a number of problems for solution because the yield of oil from sandalwood grown in different localities vary as it is experienced in the Sandal Oil Factory. The wood received from Hassan Koti appears to be best while that of Sagar and Shimoga is said to be poor.

The following statements other than those referred to in the note are attached for ready reference:-

B. Col. 3 of the statement gives the sandalwood sold by the Department locally from 17-18 to 34-35;

E. The outturn of good wood from rough wood issued at the koti for preparation;

F. Amount realised by the Bombay Forest Department by sandalwood sales.

M. Chauchan
Chief Conservator of Forests.

1925-26	1,837	23,22,053	1,264	271	5,21,448	1,369	700	8,84,833	1,264	14,06,281
1926-27	1,800	21,86,471	1,414	193	3,06,828	1,132	641	7,52,227	1,174	10,59,055
1927-28	2,055	24,78,127	1,211	148	2,44,036	1,266	726	9,31,710	1,283	11,75,746
1928-29	2,361	29,46,256	1,249	137	2,35,685	1,589	681	9130,115	1,362	11,65,800
1929-30	1,867	26,07,710	1,400	250	2,25,502	1,646	562	8,41,178	1,318	10,66,680
1930-31	1,481	21,17,486	1,432	164	3,38,904	1,356	662	9,34,271	1,411	12,73,175
1931-32	1,072	15,44,840	1,419	280	1,57,666	961	534	4,36,510	817	5,94,176
1932-33	1,090	11,57,917	1,090	128	2,88,377	1,026	600	3,60,000	600	6,48,377
1933-34	1,394	11,57,497 ~~xix8exxo4~~	843	* 321	1,04,833	820	594	5,45,565	918	6,50,398
1934-35	1,567	11,84,904	756	153	2,89,789	902	511	4,57,785	896	1,90,071
1935-36	1,788	11,02,955	584	151	1,23,162	805	589	4,12,484	700	5,35,646
Retail	175	1,55,227			1,31,051	869	710	4,75,111	669	18,64,344
White chips	190									
	2,153	12,58,182								

public auction	158½	1,34,503	~~85~~
private sale	75 ½	72,012	
T e n d e r.	48½	33,486	
England	38 ½	49,788	
To tal	321¼	2,89,789	

C11/4-1-37.

Chief Conservator of Forests—

Sandalwood sold by Mysore State and Madras and Coorg Administrations and the amounts realised since 1906-1907.

Year	Mysore State			Coorg			Madras Presidency.			Total amount realised.
	Quantity.	Amount realised.	Rate per ton.	Quantity.	Amount realised.	Rate per ton.	Quantity	Amount realised.	Rate per ton.	
	Tons.	Rs	Rs	Tons.	Rs	Rs	Tons	Rs	Rs	Rs
1906-07	2,382	12,84,985	539							
1907-08	2,489	13,70,257	551							
1908-09	2,114	10,52,565	498							
1909-10	2,050	8,36,438	408							
1910-11	2,469	11,46,321	464	181	82,728	457	306	1,26,160	412	13,55,209
1911-12	2,363	12,59,301	534	181	99,347	552	290	1,43,043	490	15,02,191
1912-13	2,418	22,67,658	937	185	1,14,993	621	485	2,71,870	560	26,54,521
1913-14	2,147	22,58,843	1,051	164	1,61,930	987	171	1,52,375	890	25,71,148
1914-15	334	3,06,978	980	32	24,143	754	258	1,76,162	683	5,07,281
1915-16	2,010	16,99,657	842	380	3,44,303	906	303	2,47,256	816	28,91,216
1916-17	1,347	23,09,451	1,714	226	3,55,358	1,571	404	4,88,165	1,203	31,52,688
S.O.F.	280	7,65,342	2,733							
1917-18	924	21,61,914	2,339	300	5,28,991	1,763	295	5,23,697	1,778	10,52,688
1918-19	812	20,36,856	2,508	230	3,44,375	1,499	440	5,75,000	1,300	9,19,375
1919-20	1,403	26,32,910	1,877	350	5,27,670	1,507	507	7,25,916	1,432	12,53,586
1920-21	492	11,83,568	2,404	249	4,66,291	1,874	419	6,67,709	1,594	11,34,000
1921-22	1,173	15,42,028	1,315	300	4,57,129	1,522	522	6,04,949	1,159	10,62,078
1922-23	1,401	18,71,801	1,336	400	5,69,539	1,424	475	5,63,130	1,185	11,32,667

Average (A1)

Year.	Mysore State			Coorg			Madras Presidency.			Total amount realised at auction	Total amount Madr. Coo
	Quantity.	Amount realised.	Rate per ton.	Quantity.	Amount realised.	Rate per ton.	Quantity.	Amount realised.	Rate per ton.		
	Tons.	Rs	Rs	Tons.	Rs	Rs	Tons.	Rs	Rs	Rs	Rs
1910-14	2,349	16,80,505	747	178	1,14,775	654	313	1,73,362	588	20,20,717	3,0
1914-15	334	3,06,978	918	32	24,143	754	258	1,76,162	683	5,07,281	2,0
1915-17	1,816	23,87,225	2,644	303	3,49,820	1,238	353	3,67,710	1,010	30,21,952	7,1
1917-25	1,168	19,09,308	1,771	321	4,81,157	1,545	506	6,63,761	1,352	11,52,917	11,5
1925-30	1,984	25,08,123	1,268	200	2,70,191	1,398	654	8,77,900	1,308	11,48,091	11,4
1930-32	1,276	18,31,163	1,425	222	2,23,021	993	567	3,98,255	708	6,21,771	8,3
1932-36	1,551	11,89,625	821	188	16,22,09	849	601	4,22,736	798	12,38,865	6,3

C11/4-1-37.

Statement No. A.2

AVERAGE OF QUANTITIES OF SANDALWOOD SOLD BY MYSORE STATE, MADRAS AND COORG ADMINISTRATIONS FROM 1906 to 1935-36.

PREWAR PERIOD				
1906-7 to 1913-14	(8 years)	Mysore State	2,304 tons	82%
1910-11 to 13-14	(4 years)	Coorg	177 3/4) 490	18%
		Madras	313) or 500 tons	
		Total	2,794 or 2,800	
WAR PERIOD				
1914-15 to 18-19	(5 years)	Mysore	1,341 3/5	71%
		Coorg	233 3/5) 553	29%
		Madras	320) or 550 Tons	
		Total	1,894 or 1,900	
POST WAR PERIOD				
1915-29	(10 years)	Mysore	1,566 2/5	64.2%
		Coorg	278 9/10) 871	35.8%
		Madras	592 1/2) or 870 Tons.	
		Total	2,437 or 2,450	
DEPRESSION PERIOD				
1930-35	(5 years)	Mysore	1,465 4/7	65%
		Coorg	206 6/7) 506	35%
		Madras	600) or 300 Tons	
		Total	2,271 or 2,270	
1935-36	(1 year)	Mysore	2,113	71%
		Coorg	151) 861	29%
		Madras	710) or 860 Tons	
		Total	2,974 or 3,000	

SS.

Chief Conservator of Forests.

Statement B

ESTIMATED YIELD OF SANDALWOOD IN MYSORE STATE

	Good wood				
1. MYSORE DISTRICT	tons	cwts	lbs	dzs	
Chamarajnagar, Heggaddevankote and Hunsur taluks (as per Working Plans)	202	17	82	0	calculated on the average yield of 11 yrs
Gundlupet and Mysore taluks (actual yield figures)	99	18	40	0	
2. SHIMOGA DISTRICT					
Sagar, Nagar and Sorab taluks (actual yield figures).	132	8	0	0	do 15 years
Shimoga, Channagiri, Shikarpur and Honnali taluks (as per working plans)	467	10	0	0	
Tirthahalli taluk (actual yield figure)	157	12	0	0	do 8 years
3. KADUR DISTRICT					
Kadur, Narasimharajapura, Mudigere, Koppa, Chikmagalur and Tarikere taluks (as per working plans)	421	15	6	0	
4. BANGALORE DISTRICT (and other maidan districts)					
Bangalore, Tumkur and Kolar Districts (actual yield figure)	539	10	0	0	do 11 years
5. HASSAN DISTRICT					
All taluks (actual yield figures)	246	16	0	0	do 9 years
Total of all districts.....	2,268	7	16	0	

SS.

Chief Conservator of Forests.

Statement No. C.

Supplies from Bangalore, Kolar and Tumkur District to Bangalore Sandal Koti.

Quantity of rough wood

	Tons	cwts	lbs	oz
1924-25	207	2	86	0
1925-26	284	9	40	0
1926-27	322	8	70	0
1927-28	591	18	11	0
1928-29	1,219	5	45	0
1929-30	1,145	17	78	0
1930-31	1,202	19	22	0
1931-32	716	3	45	0
1932-33	366	1	36	0
1933-34	724	16	53	0
1934-35	636	19	0	0
1935-36	720	15	47	14
Total	8,188	16	85	14

Average for 12 years 678 tons.

SS.

Chief Conservator of Forests.

Statement. D.

Statement showing the Sandalwood supplied to Sandalwood Oil Factory or sold by the Department with the average rates realised by Sandal Oil Factory.

Year.	Sandalwood distilled Tons.	Sandalwood sold by the Department. Tons.	Total Tons.	Average net revenue per t sold in the form of oil at the S.O.F.
1	2	3	4	5
1917 - 18	924	3-16--0--0	927-16--0--0	2,389
1918 - 19	812	(note noted)	812--0--0--0	2,508
1919 - 20	1,403	do.	...	1,877
1920 - 21	492	do.	...	2,404
1921 - 22	1,173	do.	...	1,315
1922 - 23	1,401	5--4-38--0	1,406--4-38--0	1,336
1923 - 24	1,523	4-17--0--0	1,527-17--0--0	1,224
1924 - 25	1,697	5--8--0--0	1,702--8--0--0	1,162
1925 - 26	1,800	Not available in the A. Report.	...	1,264
1926 - 27	1,674	5-19--0--0	1,679-19--0--0	1,214
1927 - 28	2,021	8--3--0--0	2,029--3--0--0	1,211/
1928 - 29	2,268	7-14-88--0	2,275-14-88--0	1,249
1929 - 30	2,202	10-15-85--0	2,212-15-85--0	1,400
1930 - 31	1,418	12-17-45--0	1,430-17-45--0	1,432
1931 - 32	1,300	38--0--0--0	1,338--0--0--0	1,419
1932 - 33	1,076	34--7-89--0	1,110--7-89--0	1,090
1933 - 34	1,375	107-18--8--0	1,482-18--8--0	843
1934 - 35	1,292	104--0--0--0	1,396--0--0--0	756
1935 - 36	×	Good wood 175--0--0--0 White chips 190--0--0--0		794

× not furnished by the factory.

Chief Conservator of Forests

Statement. E.

SANDALWOOD.

Quantity of good wood obtained out of rough Sandalwood issued for preparation.

Year.	Rough wood issued.	Assorted wood obtained.	Percentage yield. Good wood.	White wood.	Loss in conversion.	Average Total of Col. No. 5 & 6.
1	2	3	4	5	6	7
	T. Cwts. lbs.	T. Cwts. lbs.				
1924 - 1925	2,693 - 19 - 0	2,136 - 5 0	79.3	9.2	11.5	20.7
1925 - 1926	2,318 5 0	1,774 4 0	76.5	11.6	11.9	22.5
1926 - 1927	2,613 1 0	1,752 15 0	67.0	7.4	25.6	33
1927 - 1928	2,631 7 0	2,076 9 0	78.9	8.2	12.9	20.1
1928 - 1929	2,532 16 0	2,088 19 0 Excess 27 9 0	80.9	9.0	10.1	19.1
1929 - 1930	2,612 17 0	2,173 0 0 Excess found. 28 8 0	82.8	8.9	8.3	17.2
1930 - 1931	2,183 11 0	1,762 2 0 Excess found. 20 3 0	79.8	9.3	10.9	20.2
1931 - 1932	1,978 7 0	1,569 19 0 Excess 33 3 0	77.7	11.8	10.5	21.3
1932 - 1933	949 3 0	786 0 0	82.4	8.4	9.2	17.6
1933 - 1934	2,042 14 0	1,725 7 0	84.4	5.5	10.1	15.5
1934 - 1935	2,215 9 0	1,736 2 0	78.4	8.6	13.0	21.6

average 20%

Chief Conservator of Forests

Statement No. F.

Amount realised by Bombay from sale of sandalwood, from 25 to 35

Year	Quantity sold	amount realised
1925-26	Quantity not available	Rs.85,307/-
1926-27	do	1,20,089/-
1929-30	do	1,72,404/-
1930-31	do	1,01,002/-
1931-32	do	1,33,214/-
1932-33	do	1,06,593/-
1933-34	do	1,05,938/-
1934-35	do	1,02,516/-

SS.

Chief Conservator of Forests.

Mr. Gibson's Note - Before and after.

- 5 JAN. 1937

On the 26th of April 1929 the Director of Sandalwood Oil Factory in Mysore, Bangalore, received from Messrs. Plaimars Ltd., the distillers of West Australian Sandalwood Oil, a cable enquiring whether he considered the then general situation of sandalwood oil industry justified a Conference of combined interests stating that the Directors of the Australian interests would be prepared to travel immediately to Bangalore to explore the avenues of co-operation. The Director, in reply, enquired what purpose the intended Conference would serve and how it would the mutual interests of both the producers. The question was not pursued further except that a recommendation was made to Government by the Director to depute an Officer of the Forest Department to Australia to invetigate the West Australian sandalwood resources. The cable was then a matter of some speculation in Mysore and probably would have received a better consideration if the West Australians had chosen a better opportunity. It was just the time when the demand for Mysore oil had so out-grown in the European market, that the timely supplies had become a problem. This situation was directly created by the aggresive sales policy adopted by the Factory. A glance at the sales statistics will show that a record had been created in that year. Obviously this had a disastrous effect upon the West Australian sandalwood trade and we had successfully foiled their attempts at recognition in the British Pharmacopea.

On a reference to the Administration report of the Forest Department of West Australia, this period

period somewhat coincides with the abrupt fall of exports of sandalwood from West Australia. From £ 225,208 in the year 1928-29, the value of exports of sandalwood fell to £22,228 in the succeeding year 1929-30. From the official reports for the period ended 30th June 1930, it is gathered that the accumulated stocks had been in the neighbourhood of 7,000 tons. This justified the inference drawn in the previous paragraph. This situation did not improve and the opportunity of Mr.Gepp's visit to the Far East was availed of and he was directed to investigate the market for West Australian sandal-wood in China. Upon his recommendation, an agreement between the Governments of West and South Australia and the Sandalwood Companies holding stocks was signed on 21st July 1932 and immediately put into operation. This did not appreciably improve the situation as the following values of exports of sandalwood from West Australia before and after indicate:-

1923-24	£ 348,713
1928-29	225,208
1929-30	22,228
1930-31	43,790
1931-32	40,546
1932-33	88,846
1933-34(nine months)	56,719

While the exports of sandalwood from West Australia was not encouraging the position of the distillers of sandalwood was in no way better as could be seen from the extracts of official report for the period ended 30th June 1930 on sandalwood oil, a copy of which is appended to this note. They seem to have many technical problems associated with the oil and its manufacture had not been thoroughly understood. The position did not seem to improve as the extract of the report for the period ended 30th June 1933 indicated that the quantity of sandalwood purchased for oil distillation within the State amounted to only 664 tons as compared with 815 tons for the previous year. "Sales of sandalwood oil have fallen off as a result of the general trade depression and with

with the accumulation of large stocks, distillers have found it necessary to temporarily close down their works" states the report.

On 14th September 1933, the Trade Commissioner for Mysore in London sent to the Director of Sandalwood Oil Factory, copy of a note which Mr. Gibson of India House wrote on Australian sandalwood and Oil and the possible competition with the East Indian wood and Oil and requested the Director for his opinion in the matter. From the copies of correspondence in the file, it is seen that the Indian Trade Commissioner in London addressed the Director-General of Commercial Intelligence on 10th March 1933 enclosing a copy of Mr. Gibson's note. Upon this note, the Director General of Commercial Intelligence referred the matter to the Government of India on 21st November 1933 with his opinion in the matter.

Mr. C. Ranganatha Rao Saheb, after his return from his tour in the Far East, pressed the Director for a common understanding with Madras and Coorg and vigorously worked with Mr. Gibson so as to bring about a common understanding between Mysore, Madras and Coorg and the following is the extract of the Trade Commissioner's air-mail letter dated 29th June 1934 to the Director of Sandalwood Oil Factory.

> " I have arranged to meet Mr. Gibson who Carole ~~wrote~~ the note in which the Director General of Commercial Intelligence suggest-ed the co-operation of India and Australia. If Mr. Gibson could help us to bring about co-operation of the Indian producers, it would be very valuable to Mysore."

Further, in his letter dated 13th July 1934, the Mysore Trade Commissioner reported thus:-

> " I have had an interview with Mr. Gibson of India House. He promised to put up a

a further note recommending the combination of producers of sandalwood in India, if he could be satisfied that adulteration was going on in the East Indian oil distilled from Indian wood imported into this country. He will con-sult Mr. Parry and Mr. Parry is fully aware of the present facts, so that, I hope Mr. Gibson will soon send a note to the Director General of Commercial Intelligence."

It is significant that Mr. Gibson's note should emerge just at a time when the position of producers and distillers of West Australian sandalwood was anything but satisfactory.

In my opinion, the eagerness of Mr. Ranga-natha Rao for the combination of all the three producers of wood, as the above quotations indi-cate, must have induced Mr. Gibson to write the note. But he did not suggest in it any under-standing between the producers of Indian distil lers but instead attempted to put forward the case for co-operation with the West Australians What is it that Mr. Gibson attempts to make out? What are the benefits conferred by the single unit control? Mr. Gobson seems to fear that "the danger lies in Australia extending the policy of sending her sandalwood to India to be distilled for its oil, for, with heavy stocks in hand, the temptation to "Unload" and recover capital and loans invested on these stocks must be very great". This danger is more/than apparent real. The statistics of Import af sandalwood into India appended to this report indicate a gradual fall in the imports of West Australian wood than a rise since 1932. When she could not distil and sell it in the form of oil more than 664 tons (year ending June 30, 1933), it is idle to think that she could dump it into India for distillation and if there was any such possibility, Mr. Gepp would not have failed to visit India and recommend it

it as a good market to supplement the Chinese market. Indeed "the remdey at hand for the India administrations concerned appears to be to approach the Australian authorities to participate in their agreement" remarks Mr. Gibson.

Upon receipt of Mr. Gibson's note with the opinion of the Director General of Commercial Intelligence in Calcutta, the Government of India elicited the opinion of the Mysore Government. Mysore Government put forward that a common under-standing between the producers of East Indian sandalwood, viz, Mysore, Madras and Coorg, is a pre-requisite for any Conference with the West Australian. The Madras Government in their letter dated 15th November 1934 stated to the Government of India, that the proposed Conference between Mysore Madras and Coorg would not lead to anything, unless Mysore was willing to the following:-

(1) to accept a minimum annual supply of Madras and Coorg sandalwood;

(2) to allow Madras and Coorg a free hand in the disposal of the balance of sandalwood subject to an average upset price to be fixed in consultation with each other, and

(3) to permit a selected Officer from Madras or Coorg to inspect the process of manufacture.

Similarly the Chief Commissioner of Coorg opined that a Conference on general lines is unlikely to lead to any good result and might even accentuate points of difference and the only satis-factory method of co-operation would be the fixing of quota for each producer of sandalwood, beyond which, none of them would extract, sell or distil in any one year combined with a settlement of a minimum price for sale of the product. The Director of Sandalwood Oil Factory in his letter dated

dated 29th April 1935 submitted to his Government his views upon the opinions expressed by the two Governments of Madras and Coorg and was definitely against the conditions laid down by the Madras Government and thought no useful purpose could be served by a Conference with Madras but it might be pursued with the Coorg Government.

In reply to a letter from the Secretary to the Hon'ble the Resident in Mysore, suggesting the holding of an informal discussion in the presence of the Inspector General of Forests who had agreed to carry out an inspection of the Coorg Forests immediately after Christmas, the Government of Mysore agreed to depute their Chief Conservator of Forests to take part in a discussion at Bangalore. The Inspector-General of Forests in his letter dated 17th November 1936 to the Secretary to Government, Development Department, Bangalore, advised that he proposes to convene a meeting on the 11th and 12th January 1937, presided over by himself to consider the matters of mutual interest in the trade in Indian sandalwood and the possibility of entering into an amicable arrangement with Australia, as the Governments of Bombay, Mysore, Madras and Coorg have conveyed their willingness to meet at a Conference.

Before proceeding to express my views upon the issues proposed to be brought up at the Conference, I may be permitted to draw attention to the unsuccessful attempts made by the Director to arrive at some common understanding with Madras and Coorg during 1932. Madras refused to give any opportunity for discussion formal or informal.

An attempt was then made to sound the Coorg Government and the Hon'ble the British Resident in Mysore was moved in the matter. Three alternatives for co-operation were suggested to him and they are as under:-

(1) Each Province might manufacture its own oil and only combine to have a common organisation for sale, the cost of which might be shared rateably;

(2) The Madras and Coorg Governments might get their wood distilled for a fixed fee per ton in the Mysore Government Sandalwood Oil Factory. This would obviate the need for initial expenses and secure the advantages of large scale operation in a well organised factory, and

(3) Madras and Coorg might enter into a business combination with Mysore whereunder their sandalwood is delivered to Mysore on a profit~~able~~ sharing basis.

The Chief Commissioner of Coorg replied that the Coorg Government had their attention forcibly drawn 'to the prudence of not being at the mercy of any one market'. He further states "our position as a Province of Government of India" and above all our financial position precludes us from entering into any kind of arrangement of a profit sharing kind, or indeed any arrangement that does not give us, as at present, cash on delivery of our wood". He also says in the same letter "we have a commodity to sell. We want the best price we can get for it. We cannot, therefore, afford to permit patriotic considerations to over-ride financial ones and it is perfectly immaterial to us whether our sandal is sold in India, Europe or America so long as we get what we consider a fair price". The Director of Sandal-wood Oil Factory thereupon wrote on 2nd May 1932 to Government that owing to the attitude

attitude taken up by the Coorg Government we had to follow a free competitive policy and recommended the following:-

(1) Closely watching the prices at which sandalwood oil of about the same quality as ours is offered in the various markets and reducing our prices to a little below that level.

(2) Carrying on an aggressive policy of propaganda and advertisement and trying to win over agents and customers of competing products.

(3) Keeping severely aloof from the sandal wood sales of Madras and Coorg.

We have more or less followed the above policy since then.

The position of Mysore in the sandalwood oil trade is somewhat unique. It should be remembered that sandalwood in Mysore is the monopoly of the State and the Forests abound with sandalwood. The resources are almost unlimited. During the prewar period the annual disposal of Mysore wood by auction was anywhere between 2,200 - 2,300 tons of wood. Since the commencement of the distillation and giving up of sales of wood by auction, Mysore had put on the market in the form of oil only two-thirds of its full production capacity and realised annually higher revenue than before. This lead to the under-exploitation of the Mysore Forests. This policy benefitted Madras and Coorg more than it did Mysore. Not only did they realise a higher price per ton of wood in their auctions, but also they put on the market increased quantities of sandal-wood by over-exploiting their forests. The enclosed statement is fairly indicative. While the Coorg and Madras Governments have actually begun to collect the felled wood according to

to the reports received by the Chief Conservator of Forests in Mysore, Mysore according to him, have large unexploited areas. By the simple removing of spiked-wood from one or two ranges, only in Bangalore, he has been able to maintain a supply of 800 tons a year. He thinks that only by removing spike-wood, he would be able to supply our requirements for another 8 - 10 years.

For the last 20 years, we have been operating upon the International Markets so freely that we have shaped our sales according to the needs of the occasion with little or no difficulty. Our far flung interests in this business renders an absolute freedom of action necessary to us. It is to safeguard these interests that Government decided upon reducing the prices of our oil to a limit of sh.1/6d. per pound above the price of West Australian oil. By this aggressive policy of sales, we are able to not only meet the more intense competition than the competition of Madras and Coorg, viz, of West Australia, but also to increasingly dispose of the supplies of sandalwood from Mysore Forests. The success obtained as shown in the following statement points to the wisdom of this policy.

1931-32	116,869 lbs.
1932-33	113,713 "
1933-34	154,997 "
1934-35	171,276 "
1935-36	172,000 "

Just at a time when our policy described above is bearing fruit, proposals for a Conference of all the producers of wood in India are put forward. In the above paras, I have explained the respective positions of West Australia, Madras and Coorg in the sandalwood Oil trade and

and from the trend of Mr. Gibson's note and re-
plies sent by the two Governments of Madras and
Coorg to the Government of India, they are try
-ing to make virtue out of necessity thereby hop
-ing to bind down the Mysore Government in res-
pect of their supplies of wood. West Australians
were all alnng making desparate attempts at recong
-nition by the British Pharmacopea and upon its
success they pinned their faith. When this success
was doubtful, they directed their efforts in
France. Through the influence of Professor
Emil Perrot, the Director of the National Insti-
tute of Pharmaceutical Drugs, who actually made
a press campaign in its favour, they succeeded
in its inclusion in the French Codex. This
had not the desired effect upon their trade,
either in France or outside. Thinking that dis-
cretion was the better part of valour they sought
an alliance with Mysore in April 1929. When no
encouragement was forthcoming, they directed their
attention and tried their luck with the B.P. autho
-rities. Press campaign started and their oil was
recognised and rightly under a different name
because the botanical name of this Australian sandal
-wood is entirely different from East Indian. The
controversy is still going on and there is no agree-
ment on this issue even between West and South
Australia in respect of their own produce. This
is an important matter that we cannot overlook when
an alliance with them is suggested to us. It is
true this is a source of competition to us but a
discriminating buyer always prefers Mysore. In
these circumstances an alliance will bring down
the reputation of our oil and the consequent loss
of business and revenue to us will be much more
than the loss through competition. Its inclusion

inclusion in the B.P. should not scare us just as the inclusion of other essential oils did not. I am, thereofe, against any alliance with the West Australian. Buyers make a clear distinction between the two oils and are always prepared to pay for quality. This premium has been assessed at 1 Sh.6d per pound and upon this the regulation of our prices in the European and American markets has been successfully made.

Mysore sandalwood oil has been in the International market for well nigh 20 years and it has built up a reputation for quality. The goodwill thus built up cannot, on any account, be either exchanged or bartered or even shared. Hence any co-operation with the distillers of West Australian shandalwood oil is unthinkable.

A co-operation between the Indian producers of sandalwood has been suggested. The Madras Government had suggested certain proposals as a pre-requisite to any Conference while the Coorg Government seem to favour the fixing of a quota for the disposal of sandalwood or oil and a limit in respect of prices. The proposal of the Madras Government cannot be started as a basis for any discussion and a quota system is unthinkable as long as there is no common basis of disposal of produce of the respective Governments - Madras Coorg and Mysore. As explained in previous paragraphs, the capacity of the Mysore Forests is almost inexhaustable while Madras and Coorg are simply over-exploiting their forests. In a situation of this kind, the Mysore Government is certainly in a more favourable position and a quota system, if introduced, is bound to damage the interests of Mysore, for, it is just coming

coming out from a long struggle successfully carried out by the policy of reduction in price, and maintaining reputation for the quality of her products. It is entirely due to the forebearance of Mysore in the past that Madras and Coorg realised higher prices than they really deserved and were able to dispose of a higher quantity than the prewar period. Thus, fixing a quota system would not only limit the activities of Mysore in the International markets but also put a considerable restraint upon the capacities of the forests, where the ravage of the spike disease is a constand danger. In these circumstances, Mysore has no alternative but to dispose of all the wood her forests are capable of putting in the market realising the best possible prices. It is this freedom of action that will largely enable the Government of Mysore to realise as steady revenue from sandal. Putting a limit upon the price is again dangerous, for, by so doing the rival Indian distillers of Madras and Coorg would become favourably placed. Their cost of distillation is very much lower than ours, while they have not much reputation to lose. With this handicap, the distillers of Madras and Coorg would easily and successfully compete with Mysore oil and damage our interests. Again, the fixing of a limit would give a sort of protection to the distillers of Madras and Coorg woods and this protection may help the West Australian wood a free passage into the market. For these reasons, I am definitely against any sort of understanding with the Madras and Coorg Governments, limiting our activities. It is in the interests of Mysore, in the face of a situation of the kind created by the competition of West Australian sandalwood oil

oil and oil from the Madras and Coorg wood to have a free hand in the International markets so as to enable them to so shape their policy as to bring about the maximum sale of sandalwood in the form of oil realising best possible prices.

NOTES ON THE PROPOSED QUOTA SYSTEM.

The main idea common to all the three Governments is that they should have a steady revenue and this revenue should be as high as possible. But while trying to achieve this desirable result, conflicts of interests occur and try to work out the details. It has been suggested that we should explore the possibilities of the quota system. The quantities to be exploited by different Governments will have to be fixed. While fixing this we shall have to remmember that it is the opinion of the experts that the Coorg and Madras Governments are over-exploiting their sandal resources while Mysore is under-exploiting the resources. It cannot be gainsaid that the safest thing for Madras and Coorg Governments to do would be to limit the exploitation to the extent of growth and regeneration of the existing sandal trees. If they do not do this, they will simply be exhausting their own resources even though they may temporarily get a higher revenue. The essence of any quota arrangement will be to fix the quantity to be put forward by each Government and also the prices at which the wood should be auctioned by Madras and Coorg Governments. The fixing of the prices presupposes that the Mysore Government will keep the prices of the oil at such a figure that bidders will come to the auction and easily take over the quantity auctioned every year There are two problems to be solved in this con-

connection. When once the price of wood is fixed below which Madras and Coorg Governments will not sell what is to be done if bidders will not buy the wood at the auctions? The reply for this will be that if the price of oil in the market is kept by Mysore Government proportionately high but at the same time leaving a margin for Indian distillers, there will be no difficulty to sell the wood. If the prices of oil are fixed high in order to secure a good revenue to Madras and Coorg Governments and also in order to remove the apprehension of rival distillers in India, then these prices can only apply to India. In other words, the Government of Mysore will be at liberty to vary their prices outside India with a view to meet Australian competition. Otherwise, if they are tied down to the high price in Overseas market also the consequence will be the Australian distillers will have an opportunity to under-quote Eastern Indian sandal wood oil in all the world markets to cut out Indian oil. Then the situation will become serious. It is also possible that if the price is maintained very high in India, West Australian oil may enter even the Indian markets inspite of the existing duty. The quantity to be offered by Madras and Coorg Governments should be fixed in such a manner that all the wood offered should be readily taken up by the buyers and such proportion of this wood as get distilled to find a ready sale in the fo of oil. If we follow this policy the sales of Mysore oil in India will get very much restricted. Suppose we place the existing demand for Indian sandaloil at 60,000 pounds a year, then

then this will require 600 tons of wood. If Madras and Coorg Governments should put on the market all the wood required for this distillation, our rival distillers will have an entire monopoly of the Indian market. Since the Govern-ment of Mysore also should have their share of the Indian market, it is necessary, after estimating the probable requirements of other distil-lers in India for their own distillation the Madras and Coorg Governments should consent to supply only a portion of this demand. To make the position clear, a provisional example is taken. Suppose there is a demand for 200 tons of wood in India to be sold for ceremonial and other religious purposes and suppose there is a demand for 60,00 pounds of oil. Then on both of these accounts, there will be a necessity to have 800 tons of wood placed on the market. If all these 800 tons are sold by Madras and Coorg Governments there will be no chance of Mysore selling any oil in India at all because every distiller will have enough wood to distil oil from to meet the entire Indian demand. Therefore there must be a certain amount of rationing the wood. Suppose in a situation like this, Madras and Coorg Governments placed on the market 650 tons of wood in the ratio of 450 and 200 tons and if out of 650 tons, 200 tons would be sold as wood the distillers in India would produce 45000 pounds of oil. The balance of 15,000 pounds of oil will be placed by Mysore on the market. The above figures are for the sake of example only. Whatever may be the system of co-operation we adopt, it ultimately and indirectly means the granting of a secured and protected position to Indian distillers

distillers in Kuppam, Bombay and Kanuj because they will have to buy Madras and Coorg wood and they will have to distil oil and they should be able to have a margin of profit to make it worth their while to continue ~~the~~ manufacture oil. It is not possible to expect these distillers to stop their distillation when there is wood to be sold.

The ideal method would be to have a quota fixed between the three Governments and all the oil distilled by the respective Governments or at one central place like Mysore and then the revenue divided according to plan. I do not suppose this will be agreed to because the other rival distillers will begin to agitate to preserve their own factories and continue to manufacture.

The fixing of the prices when the quota has been agreed upon between the various kinds of woods grown in Coorg and Madras presents a ticklish problem and bristles with difficulties.

Bangalore,
2nd January 1937.

Director,
Sandalwood Oil Factory.

Extract from the report on the operations of the
Forest Department of Western Australia
for the year ended 30th June 1933.

X X X

Sandalwood for Oil Distillation.

The quantity of Sandalwood purchased for oil distillation within the State amounted to only 664 tons, as compared with 815 tons for the previous year. Sales of Sandalwood oil have fallen off as a result of the general trade depression, and with the accumulation of large stocks, distillers have found it necessary to temporarily close down their works.

The raw material supplied for oil distillation during the year, included 246 tons of roots and butts obtained from the sandalwood logs pulled for export, 231 tons of old roots and stumps left in the ground after previous pulling operations, and 187 tons of Sandalwood logs obtained from that portion of the State north of the 26th parallel of South Latitude, where the sandalwood has been reserved for oil -- distillation purposes.

Bosley

2.1.34

Extract from the report on the operations of the Forest Department of Western Australia, for the year ended 30th June 1930.

X X X

Sandalwood Oil.

As indicated elsewhere in the report, the extraction and export of Sandalwood Oil has developed into an important industry. Although a satisfactory commercial process has been evolved, there are many technical problems associated with the oil and its manufacture not thoroughly understood. Whether research work can improve the efficiency of manufacturing methods remains to be seen. Professor N.T.M.Wilsmore of the Department of Chemistry, University of Western Australia, has taken a great interest in these questions and has given considerable assistance.

With a view to advancing certain lines of inquiry already opened up, arrangements have been made for two chemists attached to the Forest Products Division, C.S. I.R., to devote full time to this work.

Visits from Mr.I.H.Boas, M.Sc., Chief of the Forests Products Division, C.S.I.R., have been very helpful in maintaining contact between the problems of the Department and associated industries and the work of his Division.

Professor, J.A. Prescott of the Waite Institute, who is also Chief of the Division of Soil Research, C.S.I.R., visited the State during April and May 1930, and spent some time in forest Districts. His observations proved most helpful, and arrangements have since been made to attach a young professional officer to the Waite Institute for six months' training in both -- Laboratory work in connection with soil analysis and soil classification work in the field.

Enclosure to note dated 1-1-37.

(Sandal Conference)

	Average quantity of Sandalwood sold per annum.		Average revenue per annum realised.		Average rate per ton of Sandal-wood realised.		Remarks.
	Mysore.	Madras & Coorg.	Mysore.	Madras & Coorg.	Mysore.	Madras & Coorg.	
	Tons.		Rs		Rs		
1906-1914 (predistillation period)	2,304	469	14,34,300/-	2,81,357/-	623/-	600/-	
1916-1931	1,482	832	21,39,621/-	11,40,885	1,444/-	1,371/-	
1931-1936	1,362	765	13,95,236/-	5,96,584/-	1,024/-	780/-	
1935-1936	1,570	782	12,08,775/-	5,54,325/-	770/-	709/-	

Exports of Sandalwood from India:

Name of country.	1935-36.	1934-35.	1933-34.	1932-33.	1931-32.	1930-31.	1929-30.	1928-29.	192
United Kingdom.	28	28	279	29	109	55	24	29	31
Germany:	..	..	...	..	...	..	93	40	60
Hongkong:	39	6	10	14	11	3	9	37	56
Japan:	103	114	118	35	63	..	6	31	2
United States:	119	114	12	11	175	55	105	10	160
Other countries:	132	141	154	148	129	112	142	201	148
Total Tons:--	421	403	573	237	517	225	344	348	457
MYSORE:	600	200	450	100	344	350	633	600	400
Total:-Tons:	1,021	603	,023	337	861	575	977	948	857

Imports of Sandalwood into India:

Straits Settlements:	23	105	76	142	53	..	89	259
Australia: ..	65	163	139	210	97	..	306	215
Other countries ..	164	142	82	43	256	..	156	159
Total Tons:-	189	252.	410	297	395	401	502	551	633

S.O.F.: Mysore, 31.12.36.

atk-6).

Mr. Gibson wrote his note in regard to the raproachment between the Australian and Indian interests of sandal wood early in 1933. Since ~~then~~ then the situation has altered considerably. For one thing, it looks as though we are getting over the depression and the demand for sandal oil is reviving. Secondly, the competition from West Australian oil has been experienced these years and though this has affected the selling rates, it has not reduced very much the sale of the Mysore Sandal-wood oil in the European or eastern markets. The actual results of the competition of the Australian oil do not seem to be as bad as it was once feared by Mr.Gibson although it has affected the selling rates and naturally the revenue.

From the anticipations we can form of the trend of sales, Mysore can expect to place on the market in the shape of wood or oil about 2,200 tons in the year 1936-37 or at any rate 1937-38; but I am afraid the net return to the Government, in view of the latest sales by the Coorg and Madras Governments, will be even lower than last year's and may perhaps be taken at about Rs.700/-

An understanding with Madras, Coorg and Bombay ~~&xxxx~~ and eventually with Australia is desirable only from the point of view of raising the realised rate per ton. For mere disposal it is not at all necessary. A well designed

designed scheme of co-operation can help to keep prices at an average level of at least Rs.1,000/- a ton benefiting all parties.

The scheme that suggests itself as being most ~~xxxxxxx~~ acceptable to all parties concerned is the following:

(1) Quotas to be fixed for the disposal of sandal wood either in the shape of wood or oil by the four Governments.

(2) A minimum price to be fixed for the sale of wood as such and this being reviewed from time to time according to the conditions of the market and the experience gained at the auctions and revised if necessary, so as to provide for the disposal of the quota quantities

For some time to come, at any rate, no minimum price can be fixed for sandal oil as there will have to be a time lag on account of the large stocks held by distillers in Bombay and the competition with Australian oil. But the other contracting parties can naturally depend that Mysore will try to obtain the best prices in view of the limited quantity she can put on the market in the shape of oil.

In regard to fixing the quota various sets of figures can be brought in to support the final suggestion. The following is an analysis of the quantities disposed of during the various periods for the last 25 years.

	Mysore	Average	Coorg	Average	Madras	Average
1910-11 to 1916-17	13,368	1,909	1,349	193	2,217	317
1917-18 to 1922-1923	6,205	1,034	1,829	305	2,658	443
1923-24 to 1928-29	11,195	1,866	1,490	248	4,002	667
1929-30 to 1934-35	8,471	1,412	1,296	216	3,490	582
	39 239	1,569	5,964	239	12,367	495

The first is the pre-distillation period, the second after war, the third is the boom and the fourth depression. Though it might be contended that pre-distillation averages indicate the capacities of the various contracting parties, it will not be possible to brush aside the position indicated by recent sales. They may no doubt be attacked to the extent to which we could prove over exploitation.

The estimate prepared by Mr.Gibson is as follows:

		Suggested First Stage	Suggested Final acceptance.
Mysore	2,000	2,200	2,100
Coorg	200	200	250
Madras	650	450	500
Bombay	150	150	150
		3,000	3,000

This is too favourable to Madras and somewhat unfavourable to Mysore. On a review of all the circumstances, including our expectations for the nest year, I would suggest for consideration the following quotas:

Mysore	2,200
Coorg	200
Madras	450
Bombay	150
	3,000

We may ultimately be prepared to agree to the following:

Mysore	2,100
Coorg	250
Madras	500
Bombay	150
	3,000

From the information supplied by the Chief Conservator of Forests and the Director of Industries and Commerce, it appears that the supplies of the West Australian Sandalwood oil are not likely to be increased nor are their prices likely to be lowered below the present level. On the other hand, it seems probable that during the next few years, the competition of the West Australian sandalwood oil will be somewhat less severe than it has been in the past. An agreement with the producers of the West Australian sandalwood oil does not, therefore, appear to be urgent. In any case, it cannot well be thought of unless and until some agreement is reached between the Governments of Mysore, Madras and Coorg, among themselves, as to the policy to be pursued by them with regard to the sale of Indian sandalwood.

The Governments of Madras and Coorg have in the past been selling all the sandalwood collected in their forests with the ~~one~~ object of securing the maximum revenue possible in each financial year. It is not known whether they have fixed any reserve prices at the auctions: and if so, how these reserved prices were arrived at. The Government of Mysore on the other hand have adopted a steady policy of keeping up prices, to the extent possible without allowing the West Australian sandalwood to gain too great a hold on the market. The Madras and Coorg Governments have benefited by this policy and have been enabled to secure higher prices for their entire annual output. On the other hand, the Mysore Government have progressively reduced their offerings and are now left with a large accumulated stock of sandalwood (about 4,500 tons). It is also understood that there are stocks aggregating about 2,000 tons with the private dealers -- purchasers at Madras and Coorg auctions in previous years. And if all this quantity were unloaded on the market and if the Mysore Government were at the same time to release a larger proportion of their

their collections than in the past, as they cannot help doing, the effect on the prices of sandalwood might be pronouncedly adverse for a number of years to come.

Any negotiations for the purpose of evolving a common policy must take the above facts into consideration

If a long-range view of the matter were taken, the most desirable arrangement would be for all the Governments concerned to entrust their sales, both of wood and oil to a Central Marketing Board and adjust their supplies and divide the profits in proportion to their normal annual output of sandalwood. But the trend of the correspondence that has taken place in the past does not encourage the hope that the Governments concerned would be eager to bring in such an organisation into existence at present.

Considering, however, the circumstances in which this conference is called, it is reasonable to assume that all concerned now realise the need for some measure of mutual co-operation, even if this should fall considerably short of establishing a joint marketing agency. On this assumption, Mysore would suggest the Governments may agree to a common scale of minimum prices for the different classes of sandal wood. These ~~scheduled~~ prices may be fixed or revised once a year or at more frequent intervals if necessary, at a joint conference. ~~If possible~~, a common understanding may be reached also with regard to quantities to be offered for sale each year by the several Governments. Tentatively and subject to further discussion we would suggest that the quotas of Coorg, Madras and Mysore be fixed in the ratio of 1:2:10.

Whether we adopt the above ratio or any modification thereof that may on further ~~or fuller~~ consideration be found to be equitable, there would be several matters of detail to be considered before a complete understanding could be reached The position of Mysore differs considerably from that of

of Madras and Coorg in that while the latter sell their wood at particular times of the year, Mysore converts the bulk of its wood into oil and its disposals are continuous throughout the year. It is also relevant to note in this connection that the average prices realised for Madras wood are below those of Mysore and Coorg. The evaluation of different classes of wood would also be a point for consideration. But with good-will on all sides and a spirit of mutual accommodation, it should not be difficult to settle these details.

In connection with the proposed meeting of the Forest Officers of the Madras, Coorg, Bombay and Mysore Governments a meeting of the Sandal Oil Board was held in the Chambers of the Second Member of Council on the 4th instant when the following decisions were tentatively adopted in regard to the attitude to be taken by the Mysore Representatives:-

(a) As stated by the Mysore Government, an understanding by the various Governments within India is essential before the possibility of entering into an agreement with Australia is considered.

The main arguments in support of this view are:-

(1) The situation is altered considerably since Mr. Gibson wrote his note early in 1933. The competition of the West Australia Oil has not affected the sale of Mysore Oil so far the quantity is concerned and even the price to the extent feared.

(2) It looks as though the depression is over and the demand for sandal oil is reviving.

(3) In any case we have not got sufficient information about the Australian Wood and oil- out-put, quality and cost and sales.

(b) An understanding on the right lines, between, Madras, Coorg, Bombay and Mysore will help to raise the price of Sandal Oil and wood and ensure a higher return to all the Governments.

(c) This can be achieved by fixing quotas and percentages of wood to be placed on the market by each Government so as to avoid competition between themselves and restrict the

the sales to the better paying demand.

(d) In regard to the quotas Mr. Gibson has prepared an estimate of the capacity of the various Government which is as follows:-

Mysore	2,000	Tons
Coorg	200	"
Madras	650	"
Bombay	150	"
Total...	3,000	Tons

This is too favourable to Madras and unfavourable to Mysore.

Mysore has in the past sold more than 2,000 tons in some years but has voluntarily restricted her sales of oil so as not to disorganise the market. As the full quantity available in the forests has not been exploited in the recent years, Mysore can obtain much larger quantities for some years to come and moreover she has large stocks in her depots at present. In view of this and also the opinion expressed in some quarters that Madras and Coorg have on the other hand been over exploiting their resources; the following quotas may be suggested for adoption:-

Mysore	2,200	Tons
Coorg	200	Tons
Madras	450	"
Bombay	150	"
Total .	3,000	Tons,

ENCLOSURES.

1. Prices for Sandalwood oil from 1912.

2. Note on the study of two methods of co-operative ~~xxxxxx~~ efforts amongst Madras and Coorg Governments.

Prices of Sandalwood oil from the year 1912 to 1924 taken from the Perfumery and Essential oil Record Year Books.

	Sandalwood oil East Indian.	Sandalwood oil W.Australian.
1. 1912	12/0 - 21/0	
2. 1913	21/0 - 23/0	
3. 1914	21/0 - 24/0	
4. 1915	21/0 - 32/-	
5. 1916	31/0 - 50/-	
6. 1917	47/6 - 55/-	
1918.	50/0 - 55/-	
8.1919	45/0 - 50/-	
9. 1920	45/0 - 50/-	28/0 - 30/0
10.1921	30/0 - 45/-	24/0 - 28/0
11.1922	25/0 - 30/0	20/0 - 24/0
12.1923	25/0	21/0
13.1924	25/0	18/0 - 21/0
14.1925	25/0	18/0 - 21/0
15.1926	24/0	17/0 - 21/0
16.1927	24/6	15/6 -18/9
17.1928	25/6	15/0 - 20/-
18.1929	26/0 - 30/0	15/9 - 20/3
19.1930	30/0	16/9 - 21/3
20.1931	26/0 - 30/0	17/9 - 21/3
21. 1932	24/0 - 27/0	17/0 - 21/3
22. 1933	20/0 - 25/0	15/3
23. 1934 to Nov. 30.	19/0 - 20/0	15/3

Study of two methods of co-operative efforts amongst Madras & Coorg Governments.

If a very strong case is made out for co-operation between the three Governments of Mysore, Madras and Coorg, such a co-operation is possible only under certain conditions. Goodwill, sympathy and close assistance between the three Governments is a condition precedent for such a co-operation. If a co-operation is aimed merely at fixing a limit upon the price and quantity of Mysore sandalwood, no arrangement is possible.

It is true that by co-operation there is much more to be gained than to be lost, for, the supply of East Indian or Santalum Album in the World's market is entirely in the hand of the Governments of Mysore, Madras and Coorg while the demand for the same is almost world wide. So favourable a situation was created by the success of the Sandalwood Oil Industry in Mysore. In these circumstances if the desire for co-operation is irresistable, the position of Mysore Government stands unassailed for the following reasons:--

(1) The Sandal resources of the Mysore Forests are inexhaustable.

(2) The quality of Mysore Sandal is superior to other sandal.

(3) As Mysore commands the largest supplies of Sandalwood, it can always control the market.

(3) By the establishment of Sandalwood Oil Industry, Mysore has created markets all the world over and its interests, therefore, are far flung.

(5) Since the establishment of the Sandalwood Oil industry, Mysore Oil has built up a reputation for

for itslef and has always quoted at a premium in the World's market.

(6) Mysore, in claiming the benefits of a position created by her own efforts, had unhesitatingly imparted its benefits to the two neighbouring Governments of Madras and Coorg, the proof of which is in their realisation of higher prices in the auction since the establishment of the Industry.

(7) By taking part in the auctions annually held by these respective Governments, through such a course was, to some extent, in her own self-interest, Mysore helped to maintain a high level of prices for the benefit of Madras and Coorg.

(8) Mysore, a few years ago, realising the necessity both for a close co-operation and co-ordination, made some informalxx efforts with the neighbouring Governments of Madras and Coorg, for a common policy for the disposal of sandal of all the three Governments.

The above is somewhat the position of the Government of Mysore, which should be taken into account in evolving a scheme of co-operation. The success of any scheme could be rendered possible only by the disposal of the sandal through one common channel, as otherwise, there is always the danger of an element of competition creeping in, consciously or unconsciously, to the final detriment of the three Governments. If this principle of disposal through one common channel is recognized, the following are some of the important points for the evolution of a shheme:-

(1) Assessing the annual capacity of the forests of Mysore, Madras and Coorg to produce sandal for 10 years and fixing the quota of the three Governments on that

that basis; alternatively, the prewar disposal of Sandal by the three Governments should be taken as the basis for fixing such a quota.

2. From the total quantity of wood so available, allotment should be made for -

(a) the sales in the form oil and
(b) sales as wood for specific purposes in India, China and Arabian Ports.

(3) The respective Governments of Mysore, Madras and Coorg should be given full freedom to make their own arrangements to distil their respective quota of wood through their own channels either in Mysore, Kuppam or Bombay. In any event, such an arrangement should be made only in India. The cost should be met by the respective Governments.

(4) The oil so produced by the respective Governments in bulk, as also the quantity of sandalwood of their respective quotas for sale in the form of wood for specific purposes, should be entrusted to one Central authority through which alone the disposal should be made. A Board of Directors should constitute this Central authority consisting of representatives of the three Governments of Mysore, Madras and Coorg. The number of Directors of the Board may not exceed 8, consisting of 4 representatives to be chosen by the Mysore Government, two by Madras and one by Coorg and one by Bombay, the Chairman of the Board of Directors and also the Secretary to the Board should always be nominated by Mysore, with the Director of Industries & Commerce, the Chief Conservator of Forests the Development Secretary to Government and the Financial Secretary to Government, as its members. This central Authority of the Board should have full executive powers for the sale of products entrusted to them.

(5) At the end of each year, the sales of oil or wood should be apportioned between the three Governments according the quota fixed as per item (1) above.

(6) The sale proceeds of oil and wood realised during ~~xx~~ the year, less expenses of the organization under the control of the Central Authority, should be apportioned on the basis explained above, and remitted to the respective Governments. The period and the procedure of such remittances being matters of details, migh -be decided upon when the fundamentals are evolved and agreed upon.

(7) The monthly supply of wood or oil should be so regulated as to meet the needs of the market from time to time and under the advise of the Central authori

(8) Before the commencement of each year, the respective Governments should submit particulars of several classes of wood they propose to collect against the limit of their respective quotas. The rough basis of limit between the superior and inferior classes should be made on the basis of the last 10 years' output of the respective Governments.

(9) If the demand of the market for oil or wood should be in excess of the quotas of the three Governments, as a result of good salesmanship, the respective Governments should agree to supply in the proportion of the respective quotas. If any of the Governments who are a party to this arrangement should be unable to supply this excess wood, their share of excess should go to the Government of Mysore.

(10) The means to restrict the imports of Australian sandalwood into India should be evolved or discouraged by the Central Authority or by the three respec-

respective Governments, as far as possible.

In the above scheme, the two Governments of Madras and Coorg would be required to interest themselves in business propositions, which they may not be prepared to do. They would like to dispose of their produce outright and at the same time realise as best a price as possible. In the existing policy, there is the danger of Madras and Coorg losing a good portion of their sandal revenue, if the Government of Mysore should continue to severely keep aloof from the auctions. There is also the possibility of public agitation for the buyers of Madras and Coorg wood have invested large sums on distillation plants, etc. In these circumstances, the following albernative might be considered. In this alternative the sale of sandalwood should be clearly apportioned between distillation purposes and sale for religious purposes in India, China and Arabian Ports. The acceptance of auction prices or the tender prices by the Governments of Madras and Coorg should always be made conditional upon their agreeing to sell the oil manufactured or the wood purchased by them through one Central organisation constituted for the purpose. The following are the points for the alternative scheme.

(1) Assessing the annual capacity of the Forests of the Mysore, Madras and Coorg Governments to produce Sandal of marketable quality for 10 years and fixing a quota of the three Governments on that basis.

(2) Before the commencement of each year, the respective Governments should prepare the amount of several classes of wood they propose to prepare in the year, so as to reach their respective quotas. The basis of allotment between superior and inferior classes of wood

wood so prepared by them should be upon the proportion of supply of such classes of wood of the three Governments, during the last 10 years.

(3) The sale of sandalwood oil or sandalwood should always be made under the executive and controlling authority or the Board constituted for the purpose with five members to be nominated by the Mysore Government 2 members from distillers and 2 members from Bombay merchants The Mysore Government shall always nominate the Chairman and the Secretary of the Board.

(4) Before February of each year, the representatives of the three Governments should meet at a Conference to settle the following under the quota system, in consultation with the above Board.

(a) To determine the total available quantity of sandalwood to be distilled and sold in the form of oil.

(b) To determine the total quantity of sandalwood that is available to be sold as such in India, China and Arabian ports for religious purposes.

(c) To determine the price at which the Madras and Coorg Governments could sell their sandalwood for distillation purposes and also for purposes of sales as such. The sale might be made either by auction or by calling tenders. In any event, the acceptance of the bid or tender should be conditional upon the purchasers willing to sell or market through the Central Board constituted for the purpose, as per item No.3

(5) The Board so constituted shall determine or allot at the beginning of each official year of Mysore, the quota of sandalwood or sandalwood oil between Mysore and other purchasers of Madras and Coorg wood for sale.

(6) The proceeds realised by sales shall be dis-

distributed or paid at the ~~xxxx~~ end of each month, less their respective share of expenses of the Board.

(7) The monthly supply of wood or oil to the Board for sale, should be in accordance with the indents of the Board issued from time to time.

The above are some of the main points upon which an alternative scheme acceptable to the Madras and Coorg Governments could be framed. By this arrangement, the Madras and Coorg Governments dispose of their quota of wood every year and realise the prices from the buyers without their running the risk of a commercial venture. The benefits of co-operation are thus shared not only between the three Governments of Mysore, Madras and Coorg, but also between the distillers and buyers of Madras and Coorg wood.

From the information supplied by the Chief Conservator of Forests and the Director of Industries and Commerce, it appears that the supplies of the West Australian Sandalwood oil are not likely to be increased nor are their prices likely to be lowered below the present level. On the other hand, it seems probable that during the next few years, the competition of the West Australian sandalwood oil will be somewhat less severe than it has been in the past. An agreement with the producers of the West Australian sandalwood oil does not, therefore, appear to be urgent. In any case, it cannot well be thought of unless and until some agreement is reached between the Governments of Mysore, Madras and Coorg, among themselves, as to the policy to be pursued by them with regard to the sale of Indian sandalwood.

The Governments of Madras and Coorg have in the past been selling all the sandalwood collected in their forests with the ~~one~~ object of securing the maximum revenue possible in each financial year. It is not known whether they have fixed any reserve prices at the auctions; and if so, how these reserved prices were arrived at. The Government of Mysore on the other hand have adopted a steady policy of keeping up prices, to the extent possible without allowing the West Australian sandalwood to gain too great a hold on the market. The Madras and Coorg Governments have benefited by this policy and have been enabled to secure higher prices for their entire annual output. On the other hand, the Mysore Government have progressively reduced their offerings and are now left with a large accumulated stock of sandalwood (about 4,500 tons). It is also understood that there are stocks aggregating about 2,000 tons with the private dealers -- purchasers at Madras and Coorg auctions in previous years. And if all this quantity were unloaded on the market and if the Mysore Government were at the same time to release a larger proportion of their

their collections than in the past, as they cannot help doing, the effect on the prices of sandalwood might be pronouncedly adverse for a number of years to come.

Any negotiations for the purpose of evolving a common policy must take the above facts into consideration

If a long-range view of the matter were taken, the most desirable arrangement would be for all the Governments concerned to entrust their sales, both of wood and oil to a Central Marketing Board and adjust their supplies and divide the profits in proportion to their normal annual output of sandalwood. But the trend of the correspondence that has taken place in the past does not encourage the hope that the Governments concerned would be eager to bring ~~in~~ such an organisation into existence at present.

Considering, however, the circumstances in which this conference is called, it is reasonable to assume that all concerned now realise the need for some measure of mutual co-operation, even if this should fall considerably short of establishing joint marketing agency. On this assumption, Mysore would suggest the Governments may agree to a common scale of munimum prices for the different classes of sandal wood. These ~~scheduled~~ prices may be fixed or revised once a year or at more frequent intervals if necessary, at a joint conference. If possible, a common understanding may be reached also with regard to quantities to be offered for sale each year by the several Governments. Tentatively and subject to further discussion we would suggest that the quotas of Coorg, Madras and Mysore be fixed in the ratio of 1:2:10.

Whether we adopt the above ratio or any modification thereof that may on further ~~or fuller~~ consideration be found to be equitable, there would be several matters of detail to be considered before a complete understanding could be reached. The position of Mysore differs considerably from that of

of Madras and Coorg in that while the latter sell their wood at particular times of the year, Mysore converts the bulk of its wood into oil and its disposals are continuous throughout the year. It is also relevant to note in this connection that the average prices realised for Madras wood are below those of Mysore and Coorg. The evaluation of different classes of wood would also be a point for consideration. But with good-will on all sides and a spirit of mutual accommodation, it should not be difficult to settle these details.

Statement A

Sandalwood sold by Mysore State and Madras and Coorg Administrations and the amounts realised since 1906-1907.

Year	Mysore State			Coorg			Madras Presidency.			Total amount realised for Coorg and Mad
	Quantity.	Amount realised.	Rate per ton.	Quantity.	Amount realised.	Rate per ton.	Quantity.	Amount Realised.	Rate per ton	
	Tons.	Rs	Rs	Tons.	Rs	Rs	Tons	Rs	Rs	Rs
1906-07	2,382	12,84,985	539							
1907-08	2,489	13,70,257	551							
1908-09	2,114	10,52,565	498							
1909-10	2,050	8,36,438	408							
1910-11	2,469	11,46,321	464	181	82,728	457	306	1,26,160	412	2,08,888
1911-12	2,363	12,59,301	534	181	99,347	552	290	1,43,043	490	2,42,390
1912-13	2,418	22,67,658	937	185	1,14,993	621	485	2,71,870	560	3,86,863
1913-14	2,147	22,58,843	1,051	164	1,61,930	987	171	1,52,375	890	3,14,305
1914-15	334	3,06,978	980	32	24,143	754	258	1,76,162	683	2,00,305
1915-16	2,010	16,99,657	842	380	3,44,303	906	303	2,47,256	816	5,91,559
1916-17	1,347	23,09,451	1,714	226	3,55,358	1,571	404	4,88,165	1,203	8,43,523
S.O.F.	280	7,65,342	2,733							
1917-18	924	21,61,914	2,339	300	5,28,991	1,763	295	5,23,697	1,778	10,52,688
1918-19	812	20,36,856	2,508	230	3,44,375	1,499	440	5,75,000	1,300	9,19,375
1919-20	1,403	26,32,910	1,877	350	5,27,670	1,507	507	7,25,916	1,432	12,53,586
1920-21	492	11,83,568	2,404	249	4,66,291	1,874	419	6,67,709	1,594	11,34,000
1921-22	1,173	15,42,028	1,315	300	4,57,129	1,522	522	6,04,949	1,159	10,62,078
1922-23	1,401	18,71,801	1,336	400	5,69,539	1,424	475	5,63,130	1,185	11,32,667

1925-26	1,837	23,22,053	1,264	271	3 06,828	1,132	641	7,52,227	1,174	10,59,055
1926-27	1,800	21,86,471	1,214	193	2,44,036	1,266	726	9,31,710	1,283	11,75,746
1927-28	2,055	24,78,127	1,211	148	2,35,685	1,589	681	9,30,115	1,366	11,65,800
1928-29	2,361	29,46,256	1,249	137	2,25,502	1,646	562	8,41,178	1,318	10,66,680
1929-30	1,867	26,07,710	1,400	250	3,38,904	1,356	662	9,34,271	1,411	12,73,175
1930-31	1,481	21,17,486	1,432	164	1,57,666	961	534	4,36,510	817	5,94,176
1931-32	1,072	15,44,840	1,419	280	2,88,377	1,026	600	3,60,000	600	6,48,377
1932-33	1,090	11,57,917	1,090	128	1,04,833	820	594	5,45,565	918	6,50,398
1933-34	1,394	11,57,497	843	* 321	2,89,789	902	511	4,57,785	896	7,47,574
1934-35	1,567	11,84,904	756	153	1,23,162	805	589	4,12,484	700	5,35,646
1935-36	1,788	11,02,955	584	151	1,31,051	869	710	4,75,111	669	6,06,162
Retail	175	1,55,227								
White chips.	190									
	2,153	12,58,182								

public auction	158½	1,34,503
private sale	75 ½	72,012
T e n d e r	48¾	33,486
England ...	38 ½	49,788
Total	321½	2,89,789

Chief Conservator of Forests.

C11/6-1-37.

Mr. Gibson wrote his note in regard to the raproachment between the Australian and Indian interests of sandal wood early in 1933. Since ~~xxxxx~~ then the situation has altered considerably. For one thing, it looks as though we are getting over the depression and the demand for sandal oil is reviving. Secondly, the competition from West Australian oil has been experienced these years and though this has affected the selling rates, it has not reduced very much the sale of the Mysore Sandal-wood oil in the European or eastern markets. The actual results of the competition of the Australian oil do not seem to be as bad as it was once feared by Mr. Gibson although it has affected the selling rates and naturally the revenue.

From the anticipations we can form of the trend of sales, Mysore can expect to place on the market in the shape of wood or oil about 2,200 tons in the year 1936-37 or at any rate 1937-38; but I am afraid the net return to the Government, in view of the latest sales by the Coorg and Madras Governments, will be even lower than last year's and may perhaps be taken at about Rs.700/-

An understanding with Madras, Coorg and Bombay ~~xxxx~~ and eventually with Australia is desirable only from the point of view of raising the realised rate per ton. For mere disposal it is not at all necessary. A well designed

designed scheme of co-operation can help to keep prices at an average level of at least Rs.1,000/- a ton benefiting all parties.

The scheme that suggests itself as being most acceptable to all parties concerned is the following:

(1) Quotas to be fixed for the disposal of sandal wood either in the shape of wood or oil by the four Governments.

(2) A minimum price to be fixed for the sale of wood as such and this being reviewed from time to time according to the conditions of the market and the experience gained at the auctions and revised if necessary, so as to provide for the disposal of the quota quantities

For some time to come, at any rate, no minimum price can be fixed for sandal oil as there will have to be a time lag on account of the large stocks held by distillers in Bombay and the competition with Australian oil. But the other contracting parties can naturally depend that Mysore will try to obtain the best prices in view of the limited quantity she can put on the market in the shape of oil.

In regard to fixing the quota various sets of figures can be brought in to support the final suggestion. The following is an analysis of the quantities disposed of during the various periods for the last 25 years.

	Mysore	Average	Coorg	Average	Madras	Average
1910-11 to 1916-17	13,368	1,909	1,349	193	2,217	317
1917-18 to 1922-1923	6,205	1,034	1,829	305	2,658	443
1923-24 to 1928-29	11,195	1,866	1,490	248	4,002	667
1929-30 to 1934-35	8,471	1,412	1,296	216	3,490	582
	39 239	1,569	5,964	239	12,367	495

The first is the pre-distillation period, the second after war, the third is the boom and the fourth depression. Though it might be contended that pre-distillation averages indicate the capacities of the various contracting parties, it will not be possible to brush aside the position indicated by recent sales. They may no doubt be attacked to the extent to which we could prove over exploitation.

The estimate prepared by Mr.Gibson is as follows:

		Suggested First Stage	Suggested Final acceptance.
Mysore	2,000	2,200	2,100
Coorg	200	200	250
Madras	650	450	500
Bombay	150	150	150
		3,000	3,000

This is too favourable to Madras and somewhat unfavourable to Mysore. On a review of all the circumstances, including our expectations for the next year, I would suggest for consideration the following quotas.

Mysore	2,200
Coorg	200
Madras	450
Bombay	150
	3,000

We may ultimately be prepared to agree to the following:

Mysore	2,100
Coorg	250
Madras	500
Bombay	150
	3,000

Mr. Gibson's Note - Before and after.

On the 26th of April 1929 the Director of Sandalwood Oil Factory in Mysore, Bangalore, received from Messrs. Plaimars Ltd., the distillers of West Australian Sandalwood Oil, a cable enquiring whether he considered the then general situation of sandalwood Oil industry justified a Conference of combined interests stating that the Directors of the Australian interests would be prepared to travel immediately to Bangalore to explore the avenues of co-operation. The Director, in reply, enquired what purpose the intended Conference would serve and how it would the mutual interests of both the producers. The question was not pursued further except that a recommendation was made to Government by the Director to depute an Officer of the Forest Department to Australia to investigate the West Australian sandalwood resources. The cable was then a matter of some speculation in Mysore and probably would have - - received a better consideration if the West Australians had chosen a better opportunity. It was just the time when the demand for Mysore oil had so out-grown in the European market, that the timely supplies had become a problem. This situation was directly created by the aggresive sales policy adopted by the Factory. A glance at the sales statistics will show that a record had been created in that year. Obviously this had a disastrous effect upon the West Australian sandalwood trade and we had successfully foiled their attempts at recognition in the British Pharmacopea.

On a reference to the Administration report of the Forest Department of West Australia, this period

period somewhat coincides with the abrupt fall of exports of sandalwood from West Australia. From £ 225,208 in the year 1928-29, the value of exports of sandalwood fell to £22,228 in the succeeding year 1929-30. From the official reports for the period ended 30th June 1930, it is gathered that the accumulated stocks had been in the neighbourhood of 7,000 tons. This justified the inferencedrawn in the previous paragraph. This situation did not improve and the opportunity of Mr.Gepp's visit to the Far East was availed of and he was directed to investigate the market for West Australian sandal-wood in China. Upon his recommendation, an agreement between the Governments of West and South Australia and the Sandalwood Companies holding stocks was signed on 21st July 1932 and immediately put into operation. This did not appreciably improve the situation as the following values of exports of sandalwood from West Australia before and after indicate:-

1923-24	£ 348,713
1928-29	225,208
1929-30	22,228
1930-31	43,790
1931-32	40,546
1932-33	88,846
1933-34(nine months)	56,719

While the exports of sandalwood from West Australia was not encouraging the position of the distillers of sandalwood was in no way better as could be seen from the extracts of official report for the period ended 30th June 1930 on sandalwood oil, a copy of which is appended to this note. They seem to have many technical problems associated with the oil and its manufacture had not been thoroughly understood. The position did not seem to improve as the extract of the report for the period ended 30th June 1933 indicated that the quantity of sandalwood purchased for oil distillation within the State amounted to only 664 tons as compared with 815 tons for the previous year. "Sales of sandalwood oil have fallen off as a result of the general trade depression and with

with the accumulation of large stocks, distillers have found it necessary to temporarily close down their works" states the report.

On 14th September 1933, the Trade Commission-er for Mysore in London sent to the Director of Sandalwood Oil Factory, copy of a note which Mr. Gibson of India House wrote ~~xx~~ on Australian sandalwood and Oil and the possible competition with the East Indian wood and Oil and requested the Director for his opinion in the matter. From the copies of correspondence in the file, it is seen that the Indian Trade Commissioner in London addressed the Director General of Commercial Intelligence on 10th March 1933 enclosing a copy of Mr. Gibson's note. Upon this note, the Director General of Commercial Intelligence referred the matter to the Government of India on 21st November 1933 with his opinion in the matter.

Mr. C. Ranganatha Rao Saheb, after his return from his tour in the Far East, pressed the Director for a common understanding with Madras and Coorg and vigorously worked with Mr. Gibson so as to bring about a common understanding between Mysore, Madras and Coorg and the following is the extract of the Trade Commissioner's air-mail letter dated 29th June 1934 to the Director of Sandalwood Oil Factory.

> " I have arranged to meet Mr. Gibson who ~~wrote~~ the note in which the Director General of Commercial Intelligence suggest-ed the co-operation of India and Australia If Mr. Gibson could help us to bring about co-operation of the Indian producers, it would be very valuable to Mysore."

Further, in his letter dated 13th July 1934, the Mysore Trade Commissioner reported thus:-

> % I have had an interview with Mr. Gibson of India House. He promised to put up a

further note recommending the combination of roducers of sandalwood in India, if he could e satisfied that adulteration was going on n the East Indian oil distilled from Indian ood imported into this country. He will con sult Mr. Parry and Mr. Parry is fully aware f the present facts, so that, I shope Mr. ibson will soon send a note to the Director eneral of Commercial Intelligence."

It is significant that Mr. Gibson's note should emerge just at a time when the position of producers and distillers of West Australian sandalwood was anything but satisfactory.

In my opinion, the eagerness of Mr.Ranga -nathaRao for the combination of all the three producers of wood, as the above quotations indi -cate, must have induced Mr. Gibson to write the note. But he did not suggest in it any under-standing between the producers of Indian distil lers but instead attempted to put forward the case for co-operation with the West Australians. What is it that Mr. Gibson attempts to make out? What are the benefits conferred by the single unit control? Mr. Gobson seems to fear that "the danger lies in Australia extending the policy of sending her sandalwood to India to be distilled for its oil, for, with heavy stocks in hand, the temptation to "Unload" and recover capital and loans invested on these stocks must be very great". This danger is more/than apparent real. The statistics of Import af sandalwood into India appended to this report indicate a gradual fall in the imports of West Australian wood than a rise since 1932. When she could not distil and sell it in the form of oil more than 664 tons (year ending June 30,1933), it is idle to think that she could dump it into India for distillation and if there was any such possibility, Mr. Gepp would not have failed to visit India and recommend it

it as a good market to supplement the Chinese market. Indeed "the remdey at hand for the Indian administrations concerned appears to be to approach the Australian authorities to participate in their agreement" remarks Mr. Gibson.

Upon receipt of Mr. Gibson's note with the opinion of the Director General of Commercial Intelligence in Calcutta, the Government of India elicited the opinion of the Mysore Government. Mysore Government put forward that a common under-standing between the producers of East Indian sandalwood, viz, Mysore, Madras and Coorg, is a pre-requisite for any Conference with the West Australian. The Madras Government intheir letter dated 15th November 1934 stated to the Government of India, that the proposed Conference between Mysore Madras and Coorg would not lead to anything, unless Mysore was willing to the following:-

(1) to accept a minimum annual supply of Madras and Coorg sandalwood;

(2) to allow Madras and Coorg a free hand in the disposal of the balance of sandalwood subject to an average upset price to be fixed in consultation with each other, and

3) to permit a selected Officer from Madras or Coorg to inspect the process of manufacture.

Similarly the Chief Commissioner of Coorg opined that a Conference on general lines is unlikely to lead to any good result and might even accentuate points of difference and the only satis-factory method of co-operation would be the fixir of quota for each producer of sandalwood, beyond which, none of them would extract, sell or distil in any one year combined with a settlement of a minimum price for sale of the product. The Direc tor of Sandalwood Oil Factory in his letter dated

dated 29th April 1935 submitted to his Government his views upon the opinions expressed by the two Governments of Madras and Coorg and was definitely against the conditions laid down by the Madras Government and thought no useful purpose could be served by a Conference with Madras but it might be with the Coorg Government.

In reply to a letter from the Secretary to the Hon'ble the Resident in Mysore, suggesting the holding of an informal discussion in the presence of the Inspector General of Forests who had agreed to carry out an inspection of the Coorg Forests immediately after Christmas, the Government of Mysore agreed to depute their Chief Conservatorof Forests to take part in a discussion at Bangalore. The Inspector-General of Forests in his letter dated 17th November 1936 to the Secretary to Government, Development Department, Bangalore, advised that he proposes to convene a meeting on the 11th and 12th January 1937, presided over by himself to consider the matters of mutual interest in the trade in Indian sandalwood and the possibility of entering into an amicable arrangement with Australia, as the Governments of Bombay, Mysore, Madras and Coorg have conveyed their willingness to meet at a Conference.

Before proceeding to express my views upon the issues proposed to be brought up at the Conference, I may be permitted to draw attention to the unsuccessful attempts made by the Director to arrive at some common understanding with Madras and Coorg during 1932. Madras refused to give any opportunity for discussion formal or informal.

An attempt was then made to sound the Coorg Government and the Hon'ble the British Resident in Mysore was moved in the matter. Three alternatives for co-operation were suggested to him and they are as under:-

(1) Each Province might manufacture its own oil and only combine to have a common organisation for sale, the cost of which might be shared rateably;

(2) The Madras and Coorg Governments might get their wood distilled for a fixed fee per ton in the Mysore Government Sandalwood Oil Factory. This would obviate the need for initial expenses and secure the advantages of large scale operation in a well organised factory, and

(3) Madras and Coorg might enter into a business combination with Mysore whereunder their sandalwood is delivered to Mysore on a profitable sharing basis.

The Chief Commissioner of Coorg replied that the Coorg Government had their attention forcibly drawn to the prudence of not being at the mercy of any one market'. He further states "our position as a Province of Government of India" and above all our financial position precludes us from entering into any kind of arrangement of a profit sharing kind, or indeed any arrangementthat does not give us, as at present, cash on delivery of our wood". He also says in the same letter "we have a commodity to sell. We want the best price we can get for it. We cannot, therefore, afford to permit considerations to over-ride financial ones and it is perfectly immaterial to us whether our sandal is sold in India, Europeor America so long as we get what we consider a fair price". The Director of Sandal-wood Oil Factory thereupon wrote on 2nd May 1932 to Government that owing to the attitude

attitude taken up by the Coorg Government we had to follow a free competitive policy and recommended the following:-

(1) Closely watching the prices at which sandalwood oil of about the same quality as ours is offered in the various markets and reducing our prices to a little below that level.

(2) Carrying on an aggressive policy of propaganda and advertisement and trying to win over agents and customers of competing products.

(3) Keeping severely aloof from the sandal wood sales of Madras and Coorg.

We have more or less followed the above policy since then.

The position of Mysore in the sandalwood oil trade is somewhat unique. It should be remembered that sandalwood in Mysore is the monopoly of the State and the Forests abound with sandalwood. The resources are almost unlimited. During the prewar period the annual disposal of Mysore wood by auction was anywhere between 2,200 - 2,300 tons of wood. Since the commencement of the distillation and giving up of sales of wood by auction, Mysore had put on the market in the form of oil only two-thirds of its full production capacity and realised annually higher revenue than before. This lead to the under-exploitation of the Mysore Forests. This policy benefitted Madras and Coorg more than it did Mysore. Not only did they realise a higher price per ton of wood in their auctions, but also they put on the market increased quantities of sandal-wood by over-exploiting their forests. The enclosed statement is fairly indicative. While the Coorg and Madras Governments have actually begun to collect the felled wood according to

to the reports received by the Chief Conservator of Forests in Mysore, Mysore according to him, have large unexploited areas. By the simple removing of spiked-wood from one or two ranges, only in Bangalore, he has been able to maintain a supply of 800 tons a year. He thinks that only by removing spike-wood, he would be able to supply our requirements for another 8 - 10 years.

For the last 20 years, we have been operating upon the International Markets so freely that we have shaped our sales according to the needs of the occasion with little or no difficulty. Our far flung interests in this business renders an absolute freedom of action necessary to us. It is to safeguard these interests that Government decided upon reducing the prices of our oil to a limit of sh.1/6d. per pound above the price of West Australian oil. By this aggressive policy of sales, we are able to not only meet the more intense competition than the competition of Madras and Coorg, viz, of West Australia, but also to increasingly dispose of the supplies of sandalwood from Mysore Forests. The success obtained as show inthe following statement points to the wisdom of this policy.

1931-32	116,869 lbs.
1932-33	113,713 "
1933-34	154,997 "
1934-35	171,276 "
1935-36	172,000 "

Just at a time when our policy described above is bearing fruit, proposals for a Conferen of all the producers of wood in India are put forward. In the above paras, I have explained the respective positions of West Australia, Madras and Coorg in the sandalwood Oil trade and

and from the trend of Mr. Gibson's note and re-
plies sent by the two Governments of Madras and
Coorg to the Government of India, they are try
-ing to make virtue out of necessity thereby hop
-ing to bind down the Mysore Government in res-
pect of their supplies of wood. West Australians
were all alnn making desparate attemptsat recong
-nition by the British Pharmacopea and upon its
success they pinned their faith. When this success
was doubtful, they directed their efforts in
France. Through the influence of Professor
Emil Perrot, the Director of the National Insti-
tute of Pharmaceutical Drugs, who actually made
a press campaign in its favour, they succeeded
~~in~~ in its inclusion in the French Codex. This
had not the dasired effect upon their trade,
either in France or outside. Thinking that dis-
cretion was the better part of valour they sought
an alliance with Mysore in April 1929. When no
encouragement was forthcoming, they directed their
attention and tried their luck with the B.P. autho
-rities. Press campaign ntarted and their oil was
recognised and rightly under a different name
because the botanical name of this Australian sandal
-wood is entirely different from East Indian. The
controversy is still going on and there is no agree-
ment on this issue even between West and South
Australia in respect of their own produce. This
is an important matter that we cannot overlook when
an alliance with them is suggested to us. It is
true this is a source of competition to us but a
discriminating buyer always prefers Mysore. In
these circumstances an alliance will bring down
the reputation of our oil and the consequent loss
of business and revenue to us will be much more
than the loss through competition. Its inclusion

inclusion in the B.P. should not scare us just as the inclusion of other essential oils did not. I am, therefore, against any alliance with the West Australian. Buyers make a clear distinction between the two oils and are always prepared to pay for quality. This premium has been assessed at 1 Sh.6d per pound and upon this the regulation of our prices in the European and American markets has been successfully made.

Mysore sandalwood oil has been in the International market for well nigh 20 years and it has built up a reputation for quality. The goodwill thus built up cannot, on any account, be either exchanged or bartered or ven shared. Hence any co-operation with the distillers of West Australian shandalwood oil is unthinkable.

A co-operation between the Indian producers of sandalwood has been suggested. The Madras Government had suggested certain proposals as a pre-requisite to any Conferencewhile the Coorg Government seem to favour the fixing of a quota for the disposal of sandalwood or oil and a limit in respect of prices. The proposal of the Madras Government cannot be started as a basis for any discussion and a quota system is unthinkable as long as there is no common basis of disposal of produce of the respective Governments - Madras Coorg and Mysore. As explained in previous paragraphs, the capacity of the Mysore Forests is almost inexhaustable while Madras and Coorg are simply over-exploiting their forests. In a situation of this kind, the Mysore Government is certainly in a more favourable position and a quota system, if introduced, is bound to damage the interests of Mysore, for, it is just coming

coming out from a long struggle successfully carried out by the policy of reduction in price, and maintaining reputation for the quality of her products. It is entirely due to the forebearance of Mysore inthe past that Madras and Coorg realised higher prices than they really deserved and were able to dispose of a higher quantity than the prewar period. Thus, fixing a quota system would not only limit the activities of Mysore in the International markets but also put a restraint upon the capacities of the forests, where the ravage of the spike disease is a constand danger. In these circumstances, Mysore has no alternative but to dispose of all the wood her forests are capable of putting in the market realising the best possible prices. It is this freedom of action that will largely enable the Government of Mysore to realise as steady revenue from sandal. Putting a limit upon the price is again dangerous, for, by so doing the rival Indian distillers of Madras and Coorg would become favourably placed. Their cost of distillation is very much lower than ours, while they have not much reputation to lose. With this handicap, the distillers of Madras and Coorg would easily and successfully compete with Mysore oil and damage our interests. Again, the fixing of a limit would give a sort of protection to the distillers of Madras and Coorg woods and this protection may help the West Australian wood a free passage into the market. For these reasons, I am definitely against any sort of understanding with the Madras and Coorg Governments, limiting our activities. It is in the interests of Mysore, in the face of a situation of the kind created by the competition of West Australian sandalwood oil

oil and oil from the Madras and Coorg wood to have a free hand in the International markets so as to enable them to so shape their policy as to bring about the maximum sale of sandalwood in the form of oil realising best possible prices.

NOTES ON THE PROPOSED QUOTA SYSTEM.

The main idea common to all the three Governments is that they should have a steady revenue and this revenue should be as high as possible. But while trying to achieve this desirable result, conflicts of interests occur and try to work out the details. It has been suggested that we should explore the possibilities of the quota system. The quantities will have to be fixed. While fixing this we shall have to remmember that it is the opinion of the experts that the Coorg and Madras Governments are over-exploiting their sandal resources while Mysore is under-exploiting the resources. It cannot be gainsaid that the safest thing for Madras and Governments to do would be to limit the exploitation to the extent of growth and regeneration of the existing sandal trees. If they do not do this, they will simply be exhausting their own resources even though they may temporarily get a higher revenue. The essence of any quota ~~system~~ arrangement will be to fix the quantity to be put forward by each Government and also the prices at which the wood should be auctioned by Madras and Coorg Governments. The fixing of the prices presupposes that the Mysore Government will keep the prices of the oil at such a figure that bidders will come to the auction and easily take over the quantity auctioned every year There are two problems to be solved in this con-

connection. When once the price of wood is fixed below which Madras and Coorg Governments will not sell what is to be done if bidders will not buy the wood at the auctions? The reply for this will be that if the price of in the market is kept by Mysore Government proportionately high but at the same time leaving a margin for Indian distillers, there will be no difficulty to sell the wood. If the prices of oil are fixed high in order to secure a good revenue to Madras and Coorg Governments and also in order to remove the apprehension of rival distillers in India, then these prices can only apply to India. In other words, the Government of Mysore will be at liberty to vary their prices outside India wit a view to meet Australian competition. Otherwise, if they are tied down to the high price in Oversea market also the consequence will be the Australian distillers will have an opportunity to under-quote Eastern Indian sandal wood oil in all the world markets to cut out Indian oil. Then the situation will become serious. It is also possible that if the price is maintained very high in India, West Australian oil may enter even the Indian markets inspite of the existing duty. The quantity to be offered by Madras and Coorg Governments should be fixed in such a manner that all the wood offered should be readily taken up by the buyers and such proportion of this wood as get distilled to find a ready sale in the form of oil. If we follow this policy the sales of Mysore oil in India will get very much restricted. Suppose we place the existing demand for Indian sandaloil at 60,000 pounds a year, then

then this will require 600 tons of wood. If Madras and Coorg Governments should put on the market all the wood required for this distillation, our rival distillers will have an entire monopoly of the Indian market. Since the Government of Mysore also should have their share of the Indian market, it is necessary, after estimating the probable requirements of other distillers in India for their own distillation the Madras and Coorg Governments should consent to supply only a portion of this demand. To make the position clear, a provisional example is taken. Suppose there is a demand for 200 tons of wood in India to be sold for ceremonial and other religious purposes and suppose there is a demand for360,00 pounds of oil. Then on both of these accounts, there will be a necessity to have 800 tons of wood placed on the market. If all these 800 tons are sold by Madras and Coorg Governments there will be no chance of Mysore selling any oil in India at all,because every distiller will have enough wood to distil oil from to meet the entire Indian demand. Therefore there must be a certain amount of rationing the wood. Supp[illegible]e in a situation like this, Madras and Coorg Governments placed on the market 650 tons of woo in the ratio of 450 and 200 tons ~~xxxxxxxxxx~~ and if out of 650 tons, 200 tons would be sold as wood the distillers in India would produce 45000 pounds of oil. The balance of 15,000 pounds of o will be placed by Mysore on the market. The above figures are for the sake of example only. Whate may be the system of co-operation we adopt, it ultimately and indirectly means the granting of secured and protected position to Indian distill

distillers in Kuppam, Bombay and Kanuj because they will have to buy Madras and Coorg wood and they will have to distil oil and they should be able to have a margin of profit to make it worth their while to continue the manufacture oil. It is not possible to expect these distillers to stop their distillation when there is wood to be sold.

The ideal method would be to have a quota fixed between the three Governments and all the oil distilled by the respective Governments or at one central place like Mysore and then the revenue divided according to plan. I do not suppose this will be agreed to because the other rival distillers will begin to agitate to preserve their own factories and continue to manufacture.

The fixing of the prices when the quota has been agreed upon between the various kinds of woods grown in Coorg and Madras presents a ticklish problem and bristles with difficulties.

Bangalore,
2nd January 1937.

Director,
Sandalwood Oil Factory.

Extract from the report on the operations of the Forest Department of Western Australia for the year ended 30th June 1933.

X X X

Sandalwood for Oil Distillation.

The quantity of Sandalwood purchased for oil distillation within the State amounted to only 664 tons, as compared with 815 tons for the previous year. Sales of Sandalwood oil have fallen off as result of the general trade depression, and with the accumulation of large stocks, distillers have found it necessary to temporarily close down their works.

The raw material supplied for oil distillation during the year, included 246 tons of roots and butts obtained from the sandalwood logs pulled for export, 231 tons of old roots and stumps left in the ground after previous pulling operations, and 187 tons of Sandalwood logs obtained from that portion of the State north of the 26th parallel of South latitude, where the sandalwood has been reserved for oil distillation purposes.

Extract from the report on the operations of the Forest Department of Western Australia, for the year ended 30th June 1930.

X X X

Sandalwood Oil.

As indicated elsewhere in the report, the extraction and export of Sandalwood Oil has developed into an important industry. Although a satisfactory commercial process has been evolved, there are many technical problems associated with the oil and its manufacture not thoroughly understood. Whether research work can improve the efficiency of manufacturing methods remains to be seen. Professor N.S.H. Kemmore of the Department of Chemistry, University of Western Australia, has taken a great interest in these questions and has given considerable assistance.

With a view to advancing certain lines of inquiry already opened up, arrangements have been made for two chemists attached to the Forest Products Division, C.S.I.R., to devote full time to this work.

Visits from Mr.I.H.Boas, M.Sc., Chief of the Forests Products Division, C.S.I.R., have been very helpful in maintaining contact between the problems of the Department and associated industries and the work of his Division.

Professor, J.A. Prescott of the Waite Institute, who is also Chief of the Division of Soil Research, C.S.I.R., visited the State during April and May 1930, and spent some time in Forest Districts. His observations proved most helpful, and arrangements have since been made to attach a young professional officer to the Waite Institute for six months' training in both -- Laboratory work in connection with soil analysis and soil classification work in the field.

Enclosure to note dated 1-1-37.

(Sandal Conference)

	Average quantity of Sandalwood sold per annum.		Average revenue per annum realised.		Average rate per ton of Sandal-wood realised.		Remarks.
	Mysore.	Madras & Coorg.	Mysore.	Madras & Coorg.	Mysore.	Madras & Coorg.	
	Tons.		Rs		Rs		
1906-1914 (predistillation period)	2,304	469	14,34,300/-	2,81,357/-	623/-	600/-	
1916-1931	1,482	832	21,39,621/-	11,40,885	1,444/-	1,371/-	
1931-1936	1,362	765	13,95,236/-	5,96,584/-	1,024/-	780/-	
1935-1936	1,570	782	12,08,775/-	5,54,325/-	770/-	709/-	

Exports of Sandalwood from India:

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Name of country.	1935-36.	1934-35.	1933-34.	1932-33.	1931-32.	1930-31.	1929-30.	1928-29.	1927-28.
United Kingdom.	28	28	279	29	109	55	24	29	31
Germany:	..	..	...	..	...	..	58	40	60
Hongkong:	39	6	10	14	11	3	9	37	56
Japan:	103	114	118	35	63	..	6	31	2
United States:	119	114	12	11	175	55	105	10	160
Other countries:	132	141	154	148	129	112	142	201	148
Total Tons:--	421	403	573	237	517	225	344	348	457
MYSORE:	600	200	450	100	344	350	633	600	400
Total:-Tons:	1,021	603	1,023	337	861	575	977	948	857

Imports of Sandalwood into India:

Straits Settlements:	..	23	105	76	142	88	..	89	259
Australia:	..	55	163	139	210	57	..	306	215
Other countries	..	164	142	82	43	256	..	156	159
Total Tons:-	189	252.	410	297	395	401	502	551	633

S.O.F., Mysore, 31.12.36.

atk-6).

Exploration of methods of Co-operation amongst Mysore, Madras & Coorg Governments.

1. Suspension of sales of wood completely and getting oil out of the wood and selling oil. If this were to be done, then Madras and Coorg Governments should instal their own distillation plants, maintain the requisite scientific staff and produce sandal oil conforming to various pharmacopea specifications. This would involve capital expenditure by Madras and Coorg Governments. If they are prepared to do this, then all the three Governments can have a common sales policy. An arrangement like this was actually in existence between Mysore Government and the Kuppam Factories. It is doubtful whether the two Governments would be prepared to invest the required capital and undertake the responsibility of distilling the oil. If this is so, they may send all the wood to Mysore for distillation purposes. If that should happen, Government of Mysore will have to spend some money for expanding the present Factory by additional equipment. This will not be possible for two reasons.

(a) The Government of Madras have already turned down such a proposal.

(b) The four distillers in British India are sure to make representations to their various Governments that they cannot be expected to close down their Factories.

Therefore this method of co-operation, namely suspension of sale of wood and in its place distilling the oil and selling it does not seem to be feasible -- proposition.

2. If Madras and Coorg Governments should continue

continue to sell the wood, the question to be decided is what is the quantity they should put on the market, also what should be the share of different Governments? For allotting the shares of different Governments, we shall have to take the average figures relating to the sales of sandalwood during the pre-distillation period. During that period the Government of Mysore auctioned about 2,500 tons of wood and Madras and Coorg Governments auctioned varying amounts between 400 to 600 tons Therefore as a rough approximation we may assume that world demand for Eastern Indian Sandelwood during the pre-distillation period was in the neighbourhood of -- 3,000 tons. Of this about 300 tons would be taken up for ceremonial purposes, for incense sticks etc. The balance of 2,700 tons would have been used for distillation purposes yielding 2,70,000 lbs. of oil. The important point to consider here is whether Madras and Coorg Governments would agree to adopt the average figures of the pre-distillation period. Latterly they have been putting on the market more and more wood and they have been putting on the market between 700 and 800 tons of wood a year. But during the Calendar year 1936, both the Governments put on the market 1,750 tons of wood (during November 1936 a total quantity of 825 tons was sold). If the Government of Mysore would like to take pre-distillation averages, Madras and Coorg Governments are likely to fight for the averages of the last three or four years. Whether a compromise is possible on this point and whether the three Governments concerned are prepared to agree on this point is a moot point. The essence of the situation is, there seems to be an

an atmosphere created in which the word "Co-operation" means sacrifices by Mysore Government. The advantages which the Madras and Coorg Government obtained in the form of increased revenue by the policy of Mysore Government in distilling oil in India and selling it at fairly high rates are either ignored and forgotten by these two Governments or at all events they looked upon as one which one should expect in the natural course of events. Inspite of these advantages it is a little discomforting to see that in their anxiety to maintain a ~~xxx~~ steady and enhanced revenue (enhanced in the sense of getting a revenue more than what they obtained during the pre-distillation period) these two Governments expect the Government of Mysore to make a sacrifice, themselves not yielding an inch.

Suppose for a minute, the three Governments agree upon a quota. Then comes the ticklish question of fixing a price below which the Madras and Coorg Governments will not sell their wood. This necessarily means the Government of Mysore should fix the price of oil high enough to make it possible for the wood to realise a pre-determined minimum price at the auctions. This price should be such as will permit of other distillers in British India to purchase wood at the auctions and to sell oil in the open market with a reasonable margin of profits. When we fix this quota, we should never forget that the quantity of wood made available to other distillers in India should not be so great as to permit them to satisfy the entire Indian demand for oil. If this were done, Mysore will have no share in the Indian market. We should not agree to to this position. There is one difficulty under this

this arrangement. The Government of Mysore will have agreed to maintain a minimum price in the market. Being a Government, they will have to observe this price in a very literal manner. If the Indian distillers use questionable methods and try to compete with Mysore oil we shall be faced with a difficult situation. It will be impossible for Mysore Government to be finding faults with other private distillers every time they stoop to undesirable trade practices. Further, since with a view to maintain a high and steady revenue for Madras and Coorg Governments, we shall have to put a rate for wood and oil fairly high and if this rate is to be maintained on Overseas markets also we shall be inviting intensified competition from West Australian oil in all the markets of the world. Therefore we should have complete freedom of action to vary the prices for our oil in the Overseas markets according to the needs of the situation. The Government of Mysore if they agree to a quota and to a minimum price, it should be on the understanding that these rates apply to Indian markets exclusively and also that a fair share of the Indian market is reserved for Mysore.

Even if the above were possible we should not forget that the private distillers will have two other sources of wood.

(a) Wood from private plantations in British India. This is variously estimated as between 200 to 300 tons. The private distillers can get this wood at a lower rate than what can be fixed by Madras and Coorg Governments under the proposed agreement. This

This means that 20 to 25 thousand pounds of oil can be manufactured at a lower rate. In other words, under protection of maintenance of a high price by Mysore Government for Mysore Oil, the private distillers in India will secure a protected and advantageous position.

(b) If a high price is maintained for wood and oil there is always a chance of West Australian wood being imported by Indian distillers. The import of West Australian wood into India is now on the decline but this has been so simply because Madras and Coorg Governments are selling enough sandalwood to meet the requirements of the Indian distillers. If under a ~~mix~~ scheme of co-operative agreement, the quantity sold by Governments is restricted, the private distillers are not likely to restrict the output in the Factories but will import wood from Australia. This will increase the competition in the Indian markets for Mysore Oil.

5. Another way to look at this question will be to analyse the situation to find out what is it that the Mysore Government have got to fear and get funky about. Purely from a business point of view, there is nothing to worry about. We can regulate our sales policy in such a manner that we can maintain a steady revenue and if necessary a slightly enhanced revenue by extracting more wood from the Forests and also reducing the prices still further to make it impossible for other distillers to compete with us.

In all these discussions there seems to have been an attempt made to consider the interests of Madras and Coorg Governments much more importance than the interests of Mysore State. The case for Madras

and Coorg seems to have been given greater prominence than the case for Mysore. In fact the attitude seems to have been that Mysore should yield and give and the others to accept and take.

Co-operation is possible only when the share of Mysore will be not less than the pre-distillation averages. This would be about 2,500 tons. The arguments that we are not having that share now is not relevant at all, because we can shape our policy in future to attain the original position. Whereas the Mysore Government by a simultaneous reduction in price and exploitation of greater quantity of wood can maintain their sandal revenue unimpaired, under this policy the revenue of Madras and Coorg Governments will diminish. Whether we ought to mention this aspect of the question during the Conference or not will have to be discussed and decided upon.

On the 11th January 1937 a meeting was held at Bangalore to discuss the possibilities of coming to an agreement regarding the disposal of sandalwood and oil between the Governments of Madras, Mysore and Coorg and other matters concerning the trade in sandalwood.

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C. G. Trevor, Esq., C.I.E. I.F.S., Inspector General of Forests opened the Conference.

The following gentlemen were present -

1. T.A.Whitehead, Esq., I.F.S.,
   Chief Conservator of Forests,
   Madras.

2. H.C.Hiley, Esq., I.F.S.,
   Chief Conservator of Forests,
   Bombay.

3. M. Machaya, Esq., I.F.S.,
   Chief Conservator of Forests,
   Mysore.

4. S.G.Sastry, Esq., B.A., M.Sc., F.C.S.,
   Director of Industries & Commerce,
   Mysore.

5. M.Venkatanaranappa, Esq., B.A.,
   Secretary to the Government of Mysore,
   Development Department.

6. I.M.Fraser, Esq., I.C.S.,
   Commissioner of Coorg.

7. J.E.M.Mitchell, Esq., I.F.S.,
   Chief Forest Officer, Coorg.

Mr.Trevor first of all, commented on his memorandum dealing with various aspects of the trade in sandal, copies of which were circulated to all members.

(1) Fixation of quota by each Government concerned

The representatives from Coorg proposed a quota for the next 3 years and after some discussion it was found that all parties could not agree on this proposal owing to the increased quantity of dead wood available

available in Madras. The rapidity with which spike has spread is responsible for this.

No Governments at the moment are extracting green wood and have no intention to do so at present. It therefore appears that the present position should be allowed to continue and the price of sandalwood, which is still considerably in excess of the pre-war average should be allowed to find its own level.

(2) Disposal of sandalwood by Madras, Bombay and Coorg.

It was agreed that sales by tender or auction shoul be distributed over the year as follows:-

Bombay.	15th February to 15th March.
Coorg.	August and January.
Madras.	June July and November December.
Mysore.	Does not at present sell by tender or auction.

This is subject to modification and agreement between the three Governments concerned. If Mysore wishes to sell by tender or auction, they will arrange dates in consultation with the other Governments. All Governments will issue their tender and auction notices to the other Governments concerned and will report the results of the sales.

(3) (Item 2 of Inspector General's Memorandum).

The African sandalwood is osyris tenuifolia, which is not a true santalum. The analysis carried out at the Forest Research Institute, Dehra Dun confirms this supposition and seems to show that this oil may be used for purposes of adulteration. It was agreed that the Bombay and Mysore representatives should take early steps to ascertain if this supposition is

is correct and enquiries should also be made as to the quantity and uses of this oil in India. The Inspector General will also correspond with the Forest department in Tanganyika regarding quantities of this tree available for exportation.

In view of the declared values of this imported African wood at Rs.156/- per ton, the Conference was of the opinion that the Customs should be addressed with a view to fix the value of imported sandal wood and oil or similar products for duty purposes at a figure comparable to Indian sandalwood and oil.

(4) The important distillers of sandalwood oil are:

(1) Mysore Government.

(2) Messrs.Sorabji Nowroji and Co.,Bombay.

(3) Messrs.Kangundi Industrials, Kuppam, Chittoor District,Madras. (2 distillers).

(4) Messrs. Mathura Prasad Suraji Prasad, Kanauj City, U.P.

In the absence of any restriction on quantities and prices of sandalwood disposed of by the ~~prxxxxxxxxx~~ producers, it does not seem possible to obtain an agreement amongst the distillers. However Mysore are prepared to consider any definite proposals, which might be put forward by Western Australia, and Mr.Trevor was asked to obtain definite proposals from Mr.Kessell the Conservator of Forests Western Australia and communicate them to the permanent sandal committee.

(5) It was decided that

(1) Chief Conservator, Mysore,
(2) Chief Conservator, Madras,
(3) Chief Conservator, Bombay,
(4) Chief Forest Officer,Coorg,

should form a permanent sandal committee, with the

Inspector

Inspector General of Forests as Chairman, to discuss any problems of mutual interest.

The meeting was adjourned till 11 a.m. 12th January.

The above proceedings were confirmed on the 12th January.

Ind. M.V.

From the information supplied by the Chief Conservator of Forests and the Director of Industries and Commerce it appear that the supplies of West Australian Sandalwood are not likely to be increased nor are their prices likely to be lowered below the present level. On the other hand, it seems probable that during the next few years, the competition of West Australian sandalwood oil will be somewhat less severe than it has been in the past. An agreement with the producers of West Australian sandalwood oil does not, therefore, appear to be urgent. In any case, it cannot well be thought of unless and until some agreement is reached between the Governments of Mysore, Madras and Coorg, among themselves as to the policy to be pursued by them with regard to the sale of Indian sandalwood.

The Governments of Madras and Coorg have in the past been selling all the sandalwood collected in their Forests with the object of securing the maximum revenue possible in each financial year. It is not known whether they have fixed any reserve prices at the auctions; and if so, how these reserve prices are arrived at. The Government of Mysore, on the other hand, have adopted a steady policy of keeping up prices, to the extent possible without allowing the West Australian oil to gain too great a hold on the market. The Madras and Coorg Governments have benefited by this policy and secured the benefit of higher prices for their entire annual output. On the other hand, the Mysore Government have substantially restricted exploitation and even so are now left with an accumulated stock of sandalwood (about 4,500 tons) in the Kotis. It is also understood that there are stocks aggregating about xm 2,000 tons with the private dealers who had purchased wood at Madras and Coorg auctions in previous years. And if all this quantity were unloaded on the market and if the Mysore Government were at the same time to release a larger proportion of their collections than in the past, as they cannot help doing, the effect on the

II 107

on the prices of sandalwood might be pronouncedly adverse for a number of years to come.

Any negotiations for the purpose of evolving a common policy must take the above facts into consideration. One possible arrangement that suggests itself is for all the Governments concerned to entrust their sales, both of wood and oil to a central Marketing Board and adjust their supplies and divide the profits in proportion to their normal annual output of sandalwood. But the trend of the correspondence that has taken place in the past does not encourage the hope that the Governments concerned would be willing to bring such an organisation into existance at present. There are also several practical difficulties on the way.

Considering the circumstances in which this conference is called, it is reasonable to assume that all concerned now realise the need for some measure of mutual co-operation, even if this should fall considerably short of any form of joint marketing. On this assumption, Mysore would suggest that the Governments may garee to a common scale of minimum prices for the different classes of sandalwood. These prices may be fixed or revised once a year or at more frequent intervals if necessary at joint conferences. A common understanding may be reached also with regard to quantities to be offered for sale each year by the several Government. Tentatively and subject to further discussion, we may suggest that the quotas of Bombay, Coorg, Madras and Mysore be fixed on the following basis:-

Mysore	2,200 tons	Madras	450 tons
Coorg	200	Bombay	150

Whether we adopt the above ratio or any modification thereof that may on further consideration be found to be equitable, there would be several matters of detail to be considered before a complete understanding could be reached. The position of Mysore differs considerably from that of

of Madras and Coorg in that while the latter sell their ~~wood~~ wood at particular times of the year, Mysore converts the bulk of its wood into oil and its disposals are continuous throughout the year generally on the basis of annual contracts. It is also relevant to note in this connection that the average prices realised for Madras wood are below those of Mysore and Coorg. The evaluation of different classes of wood would also be a point for consideration. But with good will on all sides and a spirit of mutual accommodation, it whould not be difficult to settle these details.

From the information supplied by the Chief Conservator of Forests and the Director of Industries and Commerce, it appears that the supplies of ~~the~~ West Australian Sandalwood ~~oil~~ are not likely to be increased nor are their prices likely to be lowered below the present level. On the other hand, it seems probable that during the next few years, the competition of ~~the~~ West Australian sandalwood oil will be somewhat less severe than it has been in the past. An agreement with the producers of ~~the~~ West Australian sandalwood oil does not, therefore, appear to be urgent. In any case, it cannot well be thought of unless and until some agreement is reached between the Governments of Mysore, Madras and Coorg, among themselves, as to the policy to be pursued by them with regard to the sale of Indian sandalwood.

The Governments of Madras and Coorg have in the past been selling all the sandalwood collected in their forests with the ~~one~~ object of securing the maximum revenue possible in each financial year. It is not known whether they have fixed any reserve prices at the auctions; and if so, how these reserve prices were arrived at. The Government of Mysore, on the other hand, have adopted a steady policy of keeping up prices, to the extent possible without allowing the West Australian ~~sandalwood~~ oil to gain too great a hold on the market. The Madras and Coorg Governments have benefited by this policy and have been ~~enabled to secure higher prices~~ for their entire annual output. On the other hand, the Mysore Government have ~~progressively reduced their offerings~~ and are now left with a large accumulated stock of sandalwood (about 4,500 tons). It is also understood that there are stocks aggregating about 2,000 tons with the private dealers ~~purchasers~~ at Madras and Coorg auctions in previous years. And if all this quantity were unloaded on the market and if the Mysore Government were at the same time to release a larger proportion of their

their collections than in the past, as they cannot help doing, the effect on the prices of sandalwood might be pronouncedly adverse for a number of years to come.

Any negotiations for the purpose of evolving a common policy must take the above facts into consideration

If a long-range view of the matter were taken, the most desirable arrangement would be for all the Governments concerned to entrust their sales, both of wood and oil to a Central Marketing Board and adjust their supplies and divide the profits in proportion to their normal annual output of sandalwood. But the trend of the correspondence that has taken place in the past does not encourage the hope that the Governments concerned would be eager to bring in such an organisation into existence at present.

Considering, however, the circumstances in which this conference is called, it is reasonable to assume that all concerned now realise the need for some measure of mutual co-operation, even if this should fall considerably short of any form of joint marketing agency. On this assumption, Mysore would suggest that the Governments may agree to a common scale of mumimum prices for the different classes of sandal wood. These scheduled prices may be fixed or revised once a year or at more frequent intervals if necessary, at joint conferences. If possible, a common understanding may be reached also with regard to quantities to be offered for sale each year by the several Governments. Tentatively and subject to further discussion we would suggest that the quotas of Coorg, Madras and Mysore be fixed in the ratio of 1:2:10.

Whether we adopt the above ratio or any modification thereof that may on further (or fuller) consideration be found to be equitable, there would be several matters of detail to be considered before a complete understanding could be reached. The position of Mysore differs considerably from that of

of Madras and Coorg in that while the latter sell their wood at particular times of the year, Mysore converts the bulk of its wood into oil and its disposals are continuous throughout the year - largely on the basis of annual contracts. It is also relevant to note in this connection that the average prices realised for Madras wood are below those of Mysore and Coorg. The evaluation of different classes of wood would also be a point for consideration. But with goodwill on all sides and a spirit of mutual accommodation, it should not be difficult to settle these details.

Figures for 1935-36 are not available in this year book but the year has not been published.

No. D 6245-4
AF 91-35

9th January 1937

Dear Sir,

Subject:- Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

In continuation of this office letter No.D.3871-2/S.O.F.91-35-4 dated the 15th December 1936 on the above subject, I am desired to forward herewith copy of a Note embodying the tentative conclusions arrived at by Government, for your guidance at the Conference.

Yours sincerely,

9.1.37

All communications to be addressed to the Secretary to the Chief Commr. of Coorg, Bangalore, by designation and not by name.

3991/D Pol 937

No. 283/468-36 ENCLOS. 4 *Dated Bangalore, 27th January 1937.*

GEN. & REV. SECRETARIAT 32 92 28 JAN. 1937

FROM

THE SECRETARY TO THE CHIEF COMMISSIONER OF COORG,

Jr 185-36-1

To

The Secretary to the Government of His Highness the Maharaja of Mysore, Development Department.

Subject:— Conference between the Madras, Mysore and Coorg Governments in connection with the sale of sandalwood and oil.

SIR,

I am directed to forward four copies of the proceedings of the Conference held at Bangalore on the 11th January 1937.

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE CHIEF COMMISSIONER.

GEN. & REV. SECRETARIAT 28 JAN. 1937 DEVELOPMENT BRANCH

1 2 DEV. for. to kindly put up the previous papers.

28/1 mv.

2 The file has been sent to H.H. and is returned now to be amended

(J.M.B.) 29.1.37. 3 Of approved, Copies of Proceedings will be sent to the C-C-T & the Dr of Dte for information

Proceedings of the conference between the Madras, Mysore and Coorg Govts

3292

General and Revenue Secretariat | File No. 185 of 1936. | [App. F. III—2

Serial No.

1 need for action

MW. 29/1 29/1

Secretary's Note and Recommendation

Draft yes

MM.

30/1/37

1 Not Submitted

MW. 1/2

1/2

Issue 1 visiting

MM

1.2.37

2 Do The C.C & Ts

The Director of S and C

No. G 5483-4 dt 3.1.1937

Ts a copy of the Proceedings of the conference for information and need ful further action.

Result: The Forest Officers Guide II ft

MW 3/2 in the file Br file

MM

3/2

To SW. Br to kindly state if the papers may be filed in GM. Br (Pt. Tech)

B 6/2/37

MW. 4/2

Files for orders.

SW Secy 4/2

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

4/2

MM. 5/2

53-76/41r 3 - 2E

TYPING SECTION 1 FEB. 1937 GEN. & REV. SECTT.

Appendix F G—1]

SUBJECT.....

.....

.....

Section 7E

File No. 185-36

Serial No. 2

Diary No. of letter replied to.....

No. 5482-4

To (1) The C.C.F.

2 The AR of 2AC

General and Revenue Secretariat

( )

the *193* .

Sir,

I am directed to forward herewith a copy of the proceedings of the Conference held at Bangalore on 11th Jan 1937 between the Madras, Bombay, Coorg & Mysore Govts. in connection with the Sale of Sandal wood & oil for your information and needful further action.

Date of issue 3/1/37.

Signed by [illegible]

List of enclosures.....

I have etc

[illegible]

2.2.37

For Sec. to Govt

Copied by [illegible]

Examined by.....

MW.

1/2

WD 03601—GPB—30,000—23-9-35

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 2nd February 193 7.

No. G. 5488-H 379.

From

The *Secretary to the Government of His Highness the Maharaja of Mysore, Development Department.*

To

The Chief Conservator of Forests in Mysore,
The Director of Industries and Commerce in Mysore

Sir,

I am directed to forward herewith a copy of the proceedings of the Conference held at Bangalore on 11th January 1937 between the Madras, Bombay, Coorg and Mysore Governments in connection with the sale of sandalwood and oil for your information and needful further action.

I have the honour to be,

Sir,

Your most obedient servant,

M. C. Srinivasaiyangar

For Secretary to Government.,
Development Department.

mk.3

MYSORE FOREST DEPARTMENT.

No. Dl.34-483-36/37
Encl.

CHIEF CONSERVATOR'S OFFICE,

Bangalore, dated.....15th April.....193 7.

FROM

M. MACHAYA, ESQ., B.A. (OXON.),
Chief Conservator of Forests in Mysore,
Bangalore.

To

V. Vedavyasacharya, Esq., B.A.,
Secretary to the Government
of H. H. the Maharaja of Mysore,
Development Department, *Bangalore.*

OFFICE OF THE SECOND MEMBER OF COUNCIL. 24 MAR 1937 NO 1624

Sir,

Subject:- Proceedings of the Sandalwood Conference held at Bangalore on the 11th and 12th January 1937.

I have the honor to forward herewith a copy of letter No.356 dated the 7th April 1937 together with copies of its enclosures received from the Inspector General of Forests to the Government of India for the information of Government.

I have the honor to be,
Sir,
Your most obedient servant,

Chief Conservator of Forests.

Serial No.

Cont 26/4/37

WD 0417—GPB—30,000—8-9-36

(Encl to 7th 185-36-3)

Letter No.356 dated 7th April 1937 from the Inspector General of Forests to the Govt. of India, New Forest P.O. Dehra Dun, to the Chief Conservator of Forests, Mysore.

With reference to item No.3 of the proceedings of the Sandalwood Conference held at Bangalore on the 11th and 12th January 1937, I have the honor to forward herewith for information a copy of the correspondence noted on the margin.

1. D.O.letter from Mr.D.K.S.Grant, Consr. of Forests, Tanganyika Territory, Morogoro. No.G/2/75 of 16.1.36.
2. Letter to - do - No.16/c of 23.1.37,
3. Letter from - Do - No.G/2/338 of 9-3-37.

---

(1) Copy of D.O.letter from Mr.D.K.S.Grant, Conservator of Forests, Tanganyika Territory, Morogoro, No.G/2/75 of 16.1.36.

"Sandal Wood " Oil.

An Indian Firm by name Akbarali Hassanali, P.O. Box 945 Nairobi, Kenya Colony, holds a sole concession over the Tanga Province in this Territory for exploitation of the so-called Sandalwood, Osyris tenuefoliata.

2. The trade is both in exported billets of stem and branch heartwood and in the oil which is distilled from the roots of this small tree. It is understood that the market is principally in India where the oil and billets are used in ceremonies connected with cremation, but there is also a market in Japan and China.

3. The ~~royalty~~ royalty paid to Government for the Sandalwood is Shs. 15/- per ton weight of billets or rootwood. The trade has grown rapidly in the last four years in 1932.... 26 tons of Sandal wood were exported, in 1933.... 49 tons of sandalwood were exported in 1934 .. 218 tons of Sandalwood were exported in 1935 .. 107 tons of sandalwood were exported

4. Distillation of the oil has only just begun, the concessionaire having lately erected a small factory of four retorts and grinding mill. The oil from this factory certainly has the real Sandalwood

Sandalwood smell and is very potent. It is said to sell in India at Shs.7/50 a pound and in Japan, where there is no import duty Shs.4/- only negligible quantities of oil have been produced as yet.

5. I send you a sample of the oil and am asking the Divisional Forest Officer at Lushoto in the Tanga Province to send samples of rootwood and stem billets.

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(2) Copy of letter No.16/c dated the 23rd January 1937, from I.G. F. to the Conservator of Forests, Tanganyika Territory, Dar-es-salaam, East Africa.

I have been asked by the permanent sandal committee to enquire from you as to the quantities of so-called East African sandal likely to be disposed of by you in the near future. You may be interested to know that the declared price of this sandalwood for customs purposes in Bombay is only Rs.156/- per ton - compared to a price of Rs.600/- a ton realised by the sale of clean Indian sandalwood. The Indian Forest departments have no desire whatever to interfere with your trade so long as your - sandalwood and oil are sold on their merits and are not used for the adulteration of Indian sandalwood and oil in the Bombay market. I enclose herewith a comparative statement of the analysis of your oil compared with East Indian and Australian oil and the report of my Chemist on the result of your oil distilled at Dehra Dun from the wood you supplied to me. The present quantities of sandalwood being extracted in India are as follows:-

Mysore.	2,000 tons.
Madras.	800 to 1,000 tons.
Coorg & Bombay	150 tons each.

These quantities are about all the market can absorb and are less than the sustained annual yield of the forests, the prices have all continued to fall and have now very nearly reached pre-war levels. Under these circumstances it is undesirable for all producers to unduly increase supplies. I should be very grateful if you could let me have full particulars of the trade in your sandalwood and return I shall be delighted to supply you with any information you

require regarding prices and other matters concerning the trade in Indian sandalwood.

---

(3) Copy of letter No.G/2/338 dated 9th March 1937, from Conservator of Forests, Forest Department, Morogoro, Tanganyika Territory, to the Inspector General of Forests, Dehra Dun, India.

With reference to your letter No.16/c of 23rd January 1937 regarding Osyris temuefolia or East African "Sandalwood" I thank you for your letter and the information contained therein.

2. I fear I have little to add to my letter G/2/75 of January 16th 1936.

3. The export figures for 1935 and 1936 were as follows:-

1935 ... 107 tons

1936 ... 255 tons.

4. There is little likelihood of the present trade expanding for supplies of this tree are very restricted and the market is likely to develop rather in China and Japan than in India. One exporter in 1936 sent 73 tons to China, Burma and Java against 31 tons only to India.

"Copies".

Chief Conservator of Forests.

Cll.

MYSORE FOREST DEPARTMENT.

No.Dl.34-483-36-37
Enc.

OFFICE OF THE CHIEF CONSERVATOR OF FORESTS IN MYSORE.

OFFICE OF THE SECOND MEMBER OF COUNCIL. ... 1937 NO 40

Bangalore, dated ....10th May....193 7.

GENL. & MIS. BRANCH 13. 5. 1937

FROM

M. MACHAYA, ESQ., B.A. (OXON.),

Chief Conservator of Forests in Mysore,
Bangalore.

To

~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~
The *Secretary to the Government*
of H. H. the Maharaja of Mysore,
Development Department, *Bangalore.*

FV 185-36-4

Sir,

Subject:- Proceedings of the Sandalwood Conference held at Bangalore on the 11th and 12th January 37.

I have the honor to forward herewith for the information of Government a copy of letter No.425 dated the 4th May 1937 received from the Inspector General of Forests to the Government of India intimating that it has not been possible for Government of India to fix an artifical tariff value for African Sandalwood in the circumstances explained therein.

I have the honor to be,

Sir,

Your most obedient servant,

M. Machaya

Chief Conservator of Forests.

Cll.

Subd for perusal

15.5.37

Where is the enclosure to ccd's letter dated 10th April

3.6.37.

Please see flag "R"

Subd. The Encl is flagged R.

Flag R for perusal

5.6.37.

Conf ins of officers of Services/Govt ments re. Sales of Sword cord and Belt 5359

General and Revenue Secretariat | File No. 399/ of 193 . [App. F. III—2

Serial No.

Mr. The Dev. Br. has no objection these papers will be recorded in Gen. Br. (St Section). If approved, ww. 14/7 the Dev Branch will be requested (91-35) to take the S.I.O.T. file & record it separately & return the file 185-36+ for being recorded in G.M. Only consideration

14/7/37

ww 14.7

Do Dev. Br for needful

ww. 15/7

Dr. M. Cl. K.

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Enclosure to ft 185-36-4

Letter No.425 dated 4-5-37 from the Inspector General of Forests to the Government of India, Dehra Dun, to the Chief Conservator of Forests in Mysore, Bangalore.

With reference to the sub-para of para 3 of the Proceedings of the Sandal Conference held at Bangalore on the 11th and 12th January 1937 the Government of India (Central Board of Revenue) were duly requested to consider the question of fixing the value for the purpose of assessment to duty of imported African sandalwood and oil or similar products at a figure comparable to the value of Indian sandalwood and oil. Government have carefully considered this matter and it is regretfully noted that they have not been able to accept the suggestion made by the Sandal Committee for the following reasons:-

As the African sandalwood is imported at a price of about Rs. 156/- per ton, and the price of the Indian sandalwood is about Rs.600/- per ton, the proposal means that the tariff value for African wood should be fixed at about Rs.480/- per ton (Rs.600/- minus duty at 25% vide item 40 of the Tariff), i.e,, at a figure more than three times the average real value. But even this may not completely serve the purpose, for the wood could still be imported at about Rs.276/- per ton (Rs 156/- plus Rs.120/- duty). In order to raise the price to the level of the Indian wood, the tariff value would have to be fixed at about Rs.1,776/- * i.e., at a figure more than 10 times the actual delivery price of the article.

Duty at 25%
Rs.444 plus Rs.156
= Rs 600.

Such a course would be undesirable and objectionable in principle and would mean raising the rate of duty leviable by an indirect method. A tariff value is fixed only in cases where the c.i.f. prices are fluctuating or uncertain and difficulty is experienced in ascertaining the real value a difficulty which does not seem to exist in the present case. Further a tariff value is an averge of the declared values so that when one is fixed it is not substantially higher than the values on which goods are actually assessed. The tariff value in the present case would be unduly high as shown above.

Enclosure to ft 185-36-4

Letter No.425 dated 4-5-37 from the Inspector General of Forests to the Government of India, Dehra Dun, to the Chief Conservator of Forests in Mysore, Bangalore.

With reference to the sub-para of para 3 of the Proceedings of the Sandal Conference held at Bangalore on the 11th and 12th January 1937 the Government of India (Central Board of Revenue) were duly requested to consider the question of fixing the value for the purpose of assessment to duty of imported African sandalwood and oil or similar products at a figure comparable to the value of Indian sandalwood and oil. Government have carefully considered this matter and it is regretfully noted that they have not been able to accept the suggestion made by the Sandal Committee for the following reasons:-

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* Duty at 25% Rs.444 plus Rs.156 = Rs 600.

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In the circumstances it has not been possible for Government to fix an artifical tariff value for sandalwood. As members of the Committee are aware the question of affording tariff protection to the Indian sandal industry has already been considered by Government and rejected, vide para 1 of the memorandum prepared by the Inspector General of Forests and circulated to members with his No.18, dated the 4th January 1937.

"Copy"

Chief Conservator of Forests.

C11.